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**The Regional Components
of the Democracy Network Program**

**Evaluation of Performance and Potential
Final Report**

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ACRONYMS

CEE	Central and Eastern Europe
DemNET	Democracy Network
FH	Freedom House
ICNL	International Center for Not-for-Profit Law
MSI	Management Systems International
NGO(s)	Non-Governmental Organizations
NIS	Newly Independent States
ORT	
PVO	Private Voluntary Agency
USAID	United States Agency for International Development
USBF	United States Baltic Foundation
USG	United States Government

EXECUTIVE SUMMARY

The USAID funded Central and East European (CEE) Democracy Network (DemNet) Program is a Presidential Initiative which began implementation in 1994. The purposes of the program are to support the development of civil society in each of the CEE countries which have recently emerged from single party communist rule and Soviet hegemony, and to develop networks of cooperation and mutual support among the civil society organizations of the region.

The responsibility for implementation of country level and regional programs was awarded to a variety of US private voluntary organizations (PVOs). For the regional program, USAID Washington signed cooperative agreements with two organizations, the International Center for Not-for-Profit Law (ICNL), and the National Forum Foundation, later merged with Freedom House(FH). In general, the regional programs were to develop regional networks, information sharing and patterns of cooperation among civil society organizations at the transnational level. A second purpose was to support and complement the activities of the USAID-funded DemNet country level programs. The first phase of both cooperative agreements will end April, 1998. USAID is considering new agreements with both organizations.

The two cooperating organizations offer substantially different products. ICNL provides technical legal advice to those charged in each country with the development of the basic legal arrangements appropriate and necessary to the establishment of a sound civil society. Under DemNet, Freedom House fosters CEE regional networking, supports regional exchanges and grants (East-East) within the CEE, issues a regional NGO newsletter, and provides financial support for issue-oriented conferences and cooperative research. Freedom House also offers a variety of means to support civil society leadership development, innovation, and institutional capacity building, including American interships, and an American Volunteer in Europe program. For USAID and DemNet, it also organizes the bi-annual DemNet directors conference. Freedom House has a strong field presence, now based in Budapest, Hungary. ICNL continues to operate part of its programs directly from Washington. It has begun to establish a more substantial field presence, also in Budapest.

In late 1997, USAID commissioned Management Systems International (MSI) to conduct an evaluation of the regional portion of the DemNet Program, following a scope of work prepared jointly by USAID, ICNL and Freedom House. This evaluation report was prepared based on research, European field visits and interviews conducted by a two person team between December 3, 1997 and March 12, 1998. The draft report was reviewed by all concerned and written comments were submitted. These comments have been taken into account in this final version of the report. Extensive findings, analysis, conclusions and recommendations are contained in the main body of the report. This

executive summary presents the key conclusions and recommendations of the evaluation team.

As Central and Eastern Europe moves further away from the leveling hand of totalitarian political rule, the differences in culture, history, resource endowments and national unity or disunity become increasingly assertive factors in shaping the course of economic and social development. The challenge of USG supported programs in support of CEE democracy and civil society development is to adapt to these differing rates of change; to tailor programs which fit the needs of increasingly different societies, without losing sight of the common values and fundamental institutions which mark all free societies and open economies. Both ICNL and Freedom House have demonstrated a remarkable capacity to adjust, experiment, innovate and respond flexibly to highly diverse situations, needs, opportunities, and constraints arising out of the evolution of CEE states, and from the USAID organizational environment. CEE civil society is entering a new phase, which requires a programmatic response different from that of 1993/94. Choosing the right path is a challenge which requires thoughtful dialogue between USAID, its American PVO partners, and the increasingly mature and self-confident CEE community. The next DemNet phase offers an opportunity to advance that partnership in myriad ways. The conclusions and recommendations presented here should be understood in this context.

Conclusions:

- ICNL and Freedom House have substantially met the objectives of their Cooperative Agreements with USAID. Both organizations have benefitted from this relationship, and are better situated to transfer responsibility for civil society support and development to CEE institutions than would have been possible in 1994. The issue now is for them to find a path for meaningful and cost-effective engagement at the regional level with CEE civil society development, which is a more complex phase, ten years after the collapse of communist rule.
- ICNL activities have successfully raised the issue of legal development for the not-for-profit sector to a higher level in countries throughout the CEE region, and have been effective in providing timely and appropriate comparative legal assistance to legislative drafting processes in northern and, increasingly, southern tier CEE countries. This initial, legal foundation-setting phase is nearing completion in many CEE states.
- Freedom House programs have successfully contributed to leadership development and civil society organizational innovation at the country level, to the development of cross border and regional communication networks, and to the beginning stage of increased regional cooperation and mutual support among civil society organizations in CEE.

- Freedom House programs and, to a lesser extent, ICNL's have responded positively and effectively to the growing interest and competence among CEE organizations to engage in cross border and regional programs, whether these be "north-south" technical support, joint policy action and research, or comparative assessments of common problems facing a rapidly-evolving civil society.
- Although substantial efforts have been made by ICNL and especially Freedom House to provide direct and integrated program support services to bi-lateral DemNet program implementors, this proved more difficult than expected due to differing organizational objectives, management styles, implementation schedules, and country-specific situations which prevailed among the seven implementing organizations, the eleven USAID Representative offices, and USAID Washington.

Program Management:

- ICNL and Freedom house staffing and management has been marked by substantial turnover at the field level, but both organizations have maintained a high level of committed senior leadership involvement, strong staff competence and program continuity.
- ICNL's small but highly mobile professional staff, on-demand provision of legal technical advice and support and low-key, collaborative style of program management are well regarded by ICNL's European partners and by USAID.
- Freedom House programs are more varied and labor-intensive (regional grant-making and exchanges, conference organizing, internship and volunteer management, publications and other communications support) making necessary a larger staff both in the field and in Washington. Freedom House's Budapest and Washington office staffs are highly knowledgeable about the CEE region, and are professionally competent program managers.
- Both ICNL and Freedom House have useful quantitative and qualitative systems in place for producing data relevant to monitoring and evaluating specific program activities and initiatives. These data were exceptionally useful in the preparation of the evaluation report. However, the analytic linkage between activity data and the measurement of achievement of specific program results is not well developed.
- Management relations and communications between the ICNL and USAID have been generally positive.
- Management relations and communications between Freedom House and USAID field offices and Washington have been more complex and marked by occasional strain

and lengthy written exchanges. Substantial improvement in the relationship in recent months is noted.

- USAID management of ICNL and especially Freedom House has been marked by substantial involvement, extensive oversight, frequent requests for additional information, and multiple layers of approval before even relatively minor program activities could be initiated, especially in the first two years of the program. More recently, USAID oversight has been reduced and refocused on policy and strategy issues.

Recommendations:

- The greatest remaining opportunity for high impact and a value-added contribution to CEE civil society is in fostering, supporting and collaborating with Europeans in developing regional programs. Regional programs build on current assets and capabilities, reduce costs, create solidarity and are an effective means for maintaining a US public commitment to civil society in countries where direct assistance is no longer needed as well as in those nations where continuing bilateral assistance is justified. USAID should actively promote regional cooperation on policy and procedural issues which affect civil society development in nations emerging from authoritarian rule.

- ICNL and FH should develop second-phase strategic plans focused primarily on achieving regional objectives consistent with the original intent of the DemNet initiative, and with the rapidly changing issue agenda of civil society development in Central and Eastern Europe.

- Programs which provide country-level benefits exclusively should be phased out except in countries where extraordinary circumstances may demand special attention, as in Albania.

- ICNL and FH should continue to coordinate with and inform bi-lateral DemNet implementors and USAID offices of their activities, but local approval for regional activities should not be required.

- Bi-lateral program support objectives should be eliminated from agreements, or limited to exceptional case situations.

- ICNL should continue its country-level programs in southern tier countries on an exceptional need basis, while proceeding cautiously with developing high impact regional legal training programs and other capacity-building programs, in collaboration with Central European University and other established European training organizations.



- Freedom House should reorient its various USAID supported programs to achieve maximum synergy in contributing to the achievement of specific and substantive regional program objectives. The level of effort in any specific activity, such as the American internship program, should be a function of its contribution to the achievement of strategic regional program objectives, rather than a "stand-alone" justification.
- As a means for reducing program management costs and increasing accountability on the implementors for achieving results, and upon reaching agreement with ICNL and FH on regional program strategies and activity plans, USAID should consider moving from a cooperative agreement to a grant relationship.
- To the extent possible, USAID funding levels for follow on ICNL and FH programs should be a function of compelling regional program proposals and budgets, rather than accepting programs tailored to a predetermined level.
- Both ICNL and FH, in collaboration with USAID, should develop strategic objective plans with corresponding results measures linked directly to use of various assets and resources available to them. Monitoring and evaluation systems need to be keyed to providing the necessary data base for assessing attainment of planned regional program objectives.
- Because regional programs lack powerful, country based advocates in USAID missions, USAID Washington needs to play a more forceful role in supporting these types of programs.



I. BACKGROUND

A. The Democracy Network Program

The collapse of Soviet hegemony in 1989-90 in Central and Eastern Europe (CEE) led quickly to the emergence of democratically-oriented governments in most of the region. Elected governments were but one piece of the broad fabric of legal, social and political institutions needed to sustain democratic societies. US and European private foundations moved quickly to support the development of what came to be known as the "civil society," comprising private and non-governmental organizations and arrangements by which citizens could advance their interests, address social issues, and participate in the development and implementation of state policy. In 1990, the US Congress passed the Support for East European Democracies Act (SEED) that made funds available to support a wide range of democratic, institution-building activities. In 1994, at presidential initiative, USAID responded with an innovative initiative called the Democracy Network program (DemNet).

DemNet's purpose was to develop and strengthen public-policy-oriented non-governmental organizations (NGOs) in four designated sectors: open markets; environment; social safety nets; and democratic development. To accomplish this purpose, DemNet established 11 separate country programs to provide sub-grants, plus training and technical assistance to indigenous NGOs. DemNet supported the establishment of a regional program that would promote networking and information exchange among policy-oriented NGOs in Central and Eastern Europe, as well as the promotion of suitable legislation in support of the development of NGOs.

To implement the country programs, USAID signed cooperative agreements with nine US private voluntary organizations (PVOs). Program oversight was vested in and integrated with the individual USAID bilateral programs. A special feature of the DemNet program was the provision of overall policy guidance by a US embassy-based Democracy Commission chaired by the US Ambassador in each country.

Two organizations were selected to implement the regional component of the DemNet program. The National Forum Foundation (later to merge with Washington-based Freedom House) was chosen to implement the regional networking program and to support the individual DemNet country programs. The more specific objective of providing legal assistance was assigned to the International Center for Not-for-Profit Law (ICNL).

Unlike the country components of the DemNet program, the regional projects continued to be administered directly from USAID/Washington, with the requirement that cooperation and coordination would take place with local USAID missions and the

DemNet country programs. Like the country level programs, the regional components were to operate for three years, 1995-1997. Both the ICNL and the Freedom House program have been extended to April 1998.

Interpolating from the cooperative agreements, the regional program had three broad objectives: the development of regional collaboration through networking, leadership exchange and information sharing; the provision of legal advice and the strengthening of legal capacity in the development of laws and regulations pertaining to the non-profit sectors of the region; and provision of a range of support services to the individual DemNet country programs.

The regional programs are designed in part to support the activities of the country programs, but also to have their own rationale and integrity with respect to regional networking, building NGO sectoral capacity, supporting legal frameworks for the development of viable civil societies and, in general, taking advantage of the potential for regional efficiencies and complementarities. In addition, the regional programs potentially are positioned to address a set of common transnational issues and opportunities and to pursue larger, intangible policy goals with respect to building regional identity.¹

Permeating nearly all discussions of civil society development in CEE are concerns about the movement's financial, legal, social and political sustainability. While the impact of the withdrawal of official US foreign aid to civil society is exaggerated, the realization that foreign assistance to this sector will be reduced and, in some more advanced countries, stopped completely has focused NGO sector leaders as well as the public and private international funding community on issues of sustainability. Some experts are of the view that a premature withdrawal of foreign funding for the NGO sector in CEE would result in the collapse of all but the strongest organizations, a most undesirable outcome. Although much attention has been given to the problem in the last year, indigenous sources of funding for the third sector are not sufficiently developed to fill the gap.

Private foundation leaders and USAID have begun to discuss in concrete terms the establishment of vehicles which would permit a longer transition period in support of civil society development. Plans are being formulated for the establishment of endowments and trusts for Poland, the Baltics, and for the remaining CEE nations, using various sources of public and private funds. While it is too early to know the exact dimensions of these new instruments, the likelihood of their establishment in the next

¹ The distinction between the two sets of objectives - support to DemNet on the one hand and independent program goals on the other - is important to this evaluation because they constitute two quite different modalities of operation and two quite different benchmarks for success.



few years is quite high. Lessons learned from DemNet will be of direct relevance to the design of these new entities.

1. The Cooperative Agreement with Freedom House

According to the *original* program description of the May 1995 Grant Agreement between Freedom House (then National Forum Foundation) and USAID, responsibilities of the grantee were to include:

- Networking and information support for public policy NGOs working closely with individual DemNet country programs.
- Designing a forum for the exchange of ideas and the provision of expertise and skills to local NGOs assisted under the DemNet country programs.
- Organizing workshops and the provision of training and technical assistance to NGOs assisted through the DemNet country programs. This program description was revised in May 1997. The revisions loosened the linkage to the DemNet country programs, provided more latitude to develop a regional program, and structured and clarified goals and responsibilities in a more coherent and systematic manner. The revised wording made clear that the regional network program was primarily intended to promote long-term cooperation between NGOs in CEE and, *in addition*, to support the individual DemNet programs. Program activities were divided into two basic categories:
- The establishment of "permanent and collaborative linkages among the NGOs throughout the CEE to ensure long-term sustainability." Activities under this category include regional and country internships, workshops, regional grants, the publication of a newsletter and the administration of an internship program.
- The provision of communications, coordination and information support to the DemNet country programs to "facilitate the efficient and effective implementation of the program." Activities included the provision of AVID volunteers, the coordination of training requested by DemNet grantees, the design and hosting of conferences, and acting as a clearinghouse for information.

While this revised formulation gave greater emphasis to regional networking and cross-border linkages between NGOs, the precise equilibrium between the two objectives was not clearly spelled out.

2. The Cooperative Agreement with ICNL

The September 25, 1994 Grant Agreement between ICNL and USAID specified three objectives:

- The development of "a sound legal environment for the region's indigenous NGO community."
- Development of an institutional capacity among local NGOs "to support and understand legal reform efforts.. [and to promote].. a regulatory environment that encourages and permits the growth of a civil society."
- The provision of "generic legal assistance to the NGO communities of CEE."

While the ICNL program has a "regional" approach in that it deals with multiple countries within the region, the focus of intent is primarily to support ICNL's bilateral activities in working on the legal frameworks within individual countries. In addition, the stress on the provision of support services to DemNet country programs, although alluded to, is given less emphasis in the ICNL cooperative agreement than it is in the DemNet agreement.

Note: Both ICNL and FH programs contribute to civil society development at the country level, regardless of whether they "fit" into DemNet country programs or not. Development of NGO leadership is of benefit to civil society in Romania. Passage of a good NGO registration law benefits civil society in Estonia. These "goods" may or may not be an integral part of the bi-lateral USAID and DemNet programs, which may have other objectives. At issue is not whether FH or ICNL are contributing to civil society development in general. Rather, are they providing "support" to the bi-lateral programs? In these terms, the "support" issue is one of serving the specific needs, objectives, and implementation agenda of the bi-lateral DemNet office, and the local USAID. The ability to do this, while at the same time meeting their own organizational objectives and the regional mandate of the cooperative agreement is what is at issue here. It appeared to the evaluation team that it is very difficult to do all of these things equally well, and it is unlikely that a cooperator would subordinate its own agenda and program interests to any one of the bi-lateral DemNet implementors or USAIDs.

B. Evaluation Objectives

By 1997, USAID and the Department of State realized that the task of building a civil society throughout the CEE region was more complex and difficult, and would take longer than originally believed. Much progress had been made in the northern tier countries, but much remained to be done in the less-advanced southern and eastern regions. US leadership in crafting a durable peace in countries of the former Yugoslavia required US support for democratic, as well as free market economic development, in the Balkans. While DemNet was gradually phasing out in northern tier countries, the program was being extended in the south, and in Croatia a similar program, albeit without the DemNet label, was to be initiated. These changing conditions and opportunities suggested a fresh examination of the hypotheses undergirding the regional component of the DemNet program.

In late 1997, USAID requested that Management Systems International (MSI) provide a two-person team to evaluate the two regional components of the DemNet program. This request was driven by three specific USAID concerns:

- A USAID Inspector General's audit report noted that USAID had not conducted evaluations of the programs as projected in the original cooperative agreements. The proposed evaluation would meet that requirement.
- Both Freedom House and ICNL have requested additional funding and USAID concluded that an evaluation of performance, together with an assessment of future opportunities and directions, was needed prior to making a funding decision.
- Serious consideration is now being given to the establishment of a more permanent legacy as a result of participation by the US government in the resurgence of democratic liberalism and civil society in CEE, and several funding instruments are in various stages of preparation. An implicit objective of the evaluation is to begin to think about the linkages, if any, between the regional programs and these emergent initiatives.

Accordingly, this evaluation has two main objectives:

- To conduct an ex-post assessment of whether and to what extent Freedom House and ICNL programs have met the objectives of the original cooperative agreements.
- To examine the fundamental rationale and component of a regional program, formulating recommendations to USAID about future priorities as a basis for funding decisions.

The Scope of Work for this evaluation is included as *Appendix 1*.

II. METHODOLOGY

The findings, conclusions, and recommendations in this evaluation are derived from interviews and a review of background documents provided by Freedom House and ICNL.

The evaluation was initiated with a December 1997 team planning session at MSI headquarters in Washington, DC. The evaluation team then met with USAID, ICNL, and Freedom House staff in Washington. In January, the team conducted field visits to Hungary, Romania, Albania, Estonia and Lithuania. Background interviews were conducted with NGO sub-grant recipients, NGO support groups, AVID volunteers and interns, government officials and officers from other donor organizations, particularly the Open Society Institutes of the Soros Foundation. To guide the interview process, a list of questions based on the Scope of Work was prepared.

In all, 85 people were interviewed. (See Appendix 2 for a list of interviewees.)

The team conducted a series of wrap-up meetings in Krakow at the end of January and participated in a DemNet conference held at that locale. At that meeting, informal group discussions were organized with representatives from DemNet country programs, including several that had not been visited during the course of the evaluation. A separate discussion was held with USAID staff from the region.

The evaluation was conducted in an interactive fashion, and preliminary impressions were discussed with representatives from both of the grantee institutions as the process continued. The principal focus of all discussions was on what has worked and what has not worked and how the regional components of the DemNet program can be made more effective in the future in the context of the changing needs and realities of CEE.

The substance of this report is organized into three sections that address Findings, Conclusions, and Recommendations. The analysis and substantive discussion is contained in the section on Findings. That section of the report begins with a review of the basic rationale for a regional program and proceeds to discuss several structural and implementation issues. The balance of the Findings section is organized by institution - Freedom House and ICNL. This approach reflects the fact that while there are similarities between these two programs, and while some of the issues and recommendations apply to both, the content, approach, and structure of each is quite different, and it is difficult and potentially misleading to attempt to bundle the two together in a generic discussion.

III. FINDINGS

A. The Strategic Basis for a Regional Program.

In spite of increasing globalization and the rise of regional confederations, the nation-state remains the predominant focus of international relations. Regional programs are often difficult to sustain because they lack advocates capable of competing with proponents of the bi-lateral relationship. USAID is forced to face this problem as it struggles to allocate shrinking budgets; when bi-lateral programs are being squeezed, regional programs need strong justification.

Regional programs work when they capitalize on opportunities to exploit commonalities, comparative advantage, mutual experience and efficiencies that derive from geographic proximity or other such factors. When a regional program is based on a clear sense of the interests served and benefits gained, it can be a powerful and cost-effective way to advance national and developmental interests.

A central finding of this evaluation is that there are various commonalities among the countries of the CEE involved in this regional civil society information exchange, networking and cooperation program. These commonalities have represented advantages for regional programming. These include:

1. Common Experience

All CEE countries, regardless of their varying historical, economic, social and cultural endowments, have a common experience of Soviet-led command economics and authoritarian single-party politics to overcome. Recognizing these common features, and the possibilities for creating a new bond of solidarity among emerging civil society leaders, the DemNet initiative called for systematic attention to regional cooperation from the beginning.

2. Capacity to capitalize on prior investments.

USAID and its US PVO partners have substantially contributed to increasingly-mature civil societies in many CEE nations. A regional program can continue to provide the type of highly specialized assistance still needed by these countries, maintain relationships with civil society leaders, and facilitate the transfer of local skills and experience to other less-advanced societies.

3. Efficiency and cost-effectiveness

US support for knowledge transfer between organizations of differential experience and for NGO sectors at varying stages of maturity is a low-cost and effective way to solve problems and advance the development process throughout the region.

4. Regional collaboration can strengthen sustainability

This evaluation found evidence that regional connections can be helpful in strengthening financial and organizational structures through knowledge transfer, identification of funding possibilities, and the establishment of mentoring or "sister" relationships that bolster confidence and help emergent groups deal with change and adaptation.

5. Trans-national issues

Many CEE issues cut across national boundaries, such as air pollution and river basin management. Other issues associated with the transition to democracy are common to almost all countries. A US supported regional program promoting active collaboration, research, information sharing and joint action can strengthen civil society, promote greater harmony and policy coherence among CEE governments, and provide valuable input to the decision-making processes of multilateral institutions such as the World Bank.

B. The Structure of the Regional Program

Regional programs are inherently complex because of the difficulty of clearly defining what is meant by "regional," because they frequently pursue multiple goals, and because they involve cross-cutting administrative structures that can generate organizational tensions. The following findings address this set of concerns.

1. Multiple objectives

Both the Freedom House and, to a lesser extent, the ICNL program are designed to support and facilitate the achievement of DemNet country program objectives while at the same time pursuing a set of broader regional goals which are compatible with DemNet but unrelated to country specific goals. The balance point between these sets of objectives is difficult to pinpoint because the alternative outcomes have not been weighted or identified in a definitive sense. This is particularly challenging in the case of the Freedom House program because of the diversity of instruments and the fact that it can be viewed both as a means to a programmatic end and as an end in itself.

2. Alternative conceptions of the "regional" concept

A "regional" program can mean a number of different things: a program that operates in more than one country; a program that is administered by a management unit with a regional or multi-country focus; a program that takes advantage of regional differences and alternative ratios of comparative advantage; or a program that promotes regional harmony and identity. All of these slightly different conceptions are at work in the case of the DemNet regional program.

3. Organizational tensions

Regional activities are sometimes difficult to administer in a program driven by bi-lateral policy imperatives and a decentralized, country-based organizational structure because the regional structure cuts across vertical lines of communication and places a premium on coordination.

4. Whose program is it?

The USAID DemNet program is one well-tended plant in a large and fertile civil society garden, albeit with some special characteristics, including an emphasis on public policy and local government. Many organizations from the West are working in CEE with human and fiscal resources substantially greater than those of USAID. Prior to DemNet, both Freedom House and ICNL had programs focused on civil society development, and it is reasonable to assume that an institutional presence will continue in some form after concessional assistance is ended. From one perspective, the two regional programs are components of USAID's DemNet initiative. From another vantage point, USAID has "bought into" the capacities and some of the on-going activities of those two regional providers. Under cooperative agreements, the degree of "fit" with donor initiatives is always problematic, subject to differing interpretations and potential misunderstandings.

C. The Freedom House Program

The Freedom House Program, funded through a cooperative agreement, currently consists of a number of instruments which are deployed in part to support the individual DemNet country programs, and in part to establish regional NGO networks and address common regional issues. Two programs, the American NGO Management Internship and the American Volunteers in Europe were developed before DemNet with support from USIA. Additional programs developed under the DemNet agreement included a small grant program to support regional conferences and seminars, a regional exchange program, the production of an NGO Newsletter, a Web site and other programs fostering regional networking and cooperation.

The advantage of a "menu-of-instruments" approach is flexibility and adaptability, along with a capacity to be responsive to a broad range of needs and opportunities. Specifically, intern and volunteer programs can take advantage of the special and unique skills and experience of individuals without having to sift applications through a programmatic filter. The disadvantage is that an instrument approach can function as a medley of disconnected resources, too thinly scattered to have cumulative effect on a particular problem or issue area. This deficiency is amplified if the program or the individual instruments are underfunded.

A central difficulty in assessing the impact of the Freedom House program is to distinguish between ends and means. If the instrument (US internships, for example) is an end in and of itself, this suggests that the impact of the program should be based on an assessment of individual experience. If the instrument is a means to an end (integration with local country DemNet objectives, for example), the perspective is programmatic and the question is whether the Freedom House instrument has been well integrated with local resources. As noted above, the problem is complicated because some Freedom House programs, e.g., the American Intern program, were in place prior to the cooperative agreement, and prior to the cooperative agreement these programs were viewed by Freedom House as constituting desirable ends in and of themselves

1. The AVID Program

This program is designed to sponsor senior American professionals to work side-by-side with local NGOs for periods of three to 12 months. To date, Freedom House has sponsored 42 AVID volunteers, of whom 27 have been placed with DemNet country programs. Half of the AVID volunteers have been to southern tier countries. Findings concerning this initiative follow.

Highly qualified volunteers. The AVID volunteers are, on balance, of exceptionally high quality and have made a significant positive impact in the organizations to which they have been assigned. While there have inevitably been occasional instances of poor placement and underutilization, there is broad consensus that AVID volunteers are a very real additional resource and, when used, their abilities have significantly supplemented the resources available to DemNet. Freedom House has been particularly effective in placing volunteers in situations where there is a specific task to be accomplished that coincides with the competence and interest of the volunteer.

Well and flexibly managed. Freedom House deserves high marks for the careful and thoughtful attention to making the right "fit" between applicants and host institutions. Their capacity to find volunteers who speak the language and can also offer a needed service is impressive. The program has been managed in a flexible, adaptive and responsive manner and, as a consequence, placements have been highly appropriate.

Good marketing efforts to DemNet programs. Freedom House has made a commendable effort to "market" and coordinate the AVID program within DemNet country programs. While DemNet participation has been below the level originally envisioned, the overall impact on the DemNet program appears to have been positive.

Tension over program control. The programming of AVID volunteers has generated periodic tensions. Both USAID and DemNet country program directors would like greater control over the planning for and selection of volunteers. In a few instances, USAID has lobbied for a candidate or vetoed the proposed placement of a volunteer. These incidents, while by no means the norm, appear to be rooted in a lack of clarity regarding decision-making authority and have sometimes complicated an already burdensome decision-making structure.

Lower than anticipated utilization. The utilization of AVID volunteers has been below expectations, although demand appears to be increasing. The lack of initial enthusiasm for AVID volunteers derived from the fundamental fact that DemNet activities are managed by separate and independent organizations. There was little built-in incentive to draw upon external resources, particularly in the face of immense pressure to get the bi-lateral activities up and running.²

Decreasing availability of volunteers. There is some indication that the resource base of AVID volunteers is declining, perhaps as a consequence of a general decrease in voluntarism, or the drop in the attractiveness of Eastern Europe, especially as US programs shift from northern tier countries such as Poland to more difficult environments such as Albania. Freedom House officials assert that the main factor in expanding the pool of volunteers is the availability of funds for advertising the program in the US.

2. The Regional Exchange Program

This program offers European NGO managers a chance to work directly with a partner NGO in another country of the region. To date, Freedom House has supported 75 regional exchanges. Findings include:

Solidly-grounded rationale. The evaluation team believes that there is a very strong rationale for a regional exchange program that derives from a common historical experience, similarity of regional problems and issues, and comparability in the level of organizational development. These factors can provide a relevant context that enriches the potential for real learning and experiential transfer.

² In the original award process, applicants did not know the target levels for AVID participation set forth in the Freedom House bid and were not able to integrate this information into their own work planning process.

20x

Multiple benefits. Regional exchange programs appear to be particularly cost-effective because they benefit the individual and simultaneously inject resources into the participating host organization. In addition, they have the potential to produce significant organizational linkages and networks. Regional exchange can also serve to coalesce attention and expertise around a specific tangible regional issue or problem.

Limited DemNet utilization. The team found that this program has not been particularly well used as an adjunct resource to DemNet country programs. This does not reflect a lack of effort on the part of Freedom House or a substantive defect in the program. Rather the bi-lateral program managers reported lack of understanding of the value of these exchanges, and some wondered whether Romanians, for example, would value technical collaboration with someone from Poland as much as they would an American or Western European expert. Continuation of the program will reduce this bias.

Growing Potential. As a result of a deliberate effort to market the program, the growing awareness that other regional groups have much to offer and a wider and deeper set of NGO sector contacts, the regional exchange program has shown a recent dramatic increase. While regional exchanges were slow to get started, with only a few applicants in 1995, the program accelerated rapidly in 1997 with an 84% increase in applications over the previous year. The institutional data base has been established and there is broad consensus that there is considerable potential for further expansion. While a short-term regional exchange has less immediate impact than that of a three-month AVID volunteer, the regional exchange can lead to an ongoing relationship and additional cooperative action.

3. NGO Regional Project Grants

A total of 22 projects have been funded totaling \$198,000. Average grant size is \$9,000. However, if a few large grants related to the Think Tank initiative are excluded, the average drops to roughly \$6,000.

The grant program falls into two basic categories: grants to build organizational capacity through training and/or exchange and grants to strengthen policy institutes. The latter is assessed in the context of the "think tank" initiative.

Funds are skillfully programmed. Regional Project Grants have been used very selectively to support activities funded in part by other donors to finance conferences, workshops and training programs. Regardless of whether these grants were "leveraging" or being "leveraged," the evaluation team was impressed with the creativity and carefully-focused deployment of limited resources to capitalize on quite significant opportunities. Examples include a \$9,000 grant to a network of organizations that

"watchdogs" World Bank activity, a \$14,000 grant to encourage collaboration between NGO support groups in Poland and Lithuania, and \$5,000 to support a conference on the ecological health of a lake that borders Albania, Greece, and Macedonia.

Small grant budget limits utility. It was apparent from interviews and from a review of application records that demand for regionally-focused grant resources (120 proposals to date with only 22 awards) far exceeds limited supply.

Limited DemNet integration. The regional grant program has not been closely integrated with the country DemNet activities or employed in pursuit of country-specific DemNet purposes, despite Freedom House's attempt to market the program for this purpose. This appears to reflect the structural difficulty of integrating a regional grant program with the bilateral program, as well as its small size.

Significant regional need. This study identified a number of creative opportunities to use grant funds to build trans-border relations between NGOs in a manner that would strengthen participant organizations and build regional capacity. These include support of organizations with a multi-country focus, assistance to several groups working on a similar problem, strengthening of capacities that can be utilized by other groups in the region and support for networks among NGO support groups. While the Soros East/East Program is responding to some of these opportunities, the evaluation team found that there is still a deficiency of funds for small, targeted regional activities.

Transition period. The regional grant program may provide a useful resource during the transition period between the end of DemNet in some countries and the start-up of new funding initiatives in support of a strengthened civil society. While regional grant resources are modest, and would not be sufficient to provide bridge funding, there may be creative opportunities to work with key DemNet recipients to help them establish networks or to support their work on problems common to the region.

Competence at grant making. Freedom House has invested in, designed and established a simple and effective grant-making process from program announcement to final award. They have constructed an extensive data base and have acquired considerable knowledge of the NGO sectors throughout CEE. While the system could be strengthened through some of the modifications suggested below, there is an adequate framework in place to support an expansion in the regional grant program.

Need for simplified decision-making. Typically for all Freedom House activities, the sub-grant review and approval process is currently encumbered with excessively heavy layers of duplicate review and oversight. Currently, grant proposals are reviewed by the USAID field representatives, by Freedom House staff in Washington and by USAID/Washington. This process is slow and cumbersome and discourages

creative and responsive grant-making tuned to emerging opportunities. Several of the sub-grantees interviewed for this study noted the excessive amount of time between application and award and made invidious comparisons with the timely system used by the various Soros institutes.

Absence of peer review panels. The sub-grant process does not currently use peer review procedures. In view of the complex decision-making system noted above, this was a wise choice. However, peer panel review often offers an opportunity to build a supportive constituency, keep NGO communities informed of selection criteria and priorities, and tap into the knowledge and expertise of indigenous talent.

Demand for funding for collaborative policy research and advocacy at the regional level. The evaluation team was presented with considerable anecdotal evidence that as advocacy organizations mature, the need for regional cooperation on public policy research on a number of issues is increasing exponentially. Although funding limitations will prevent meeting more than a fraction of the demand, a highly focused, programmatically-targeted grant program administered in a more efficient, timely, and proactive manner would significantly enhance the impact of Freedom House programs and build on the assets already created by DemNet and other Western civil society support programs in the CEE.

4. US Based Internships for NGO managers

This program is designed to provide internships for senior NGO managers from DemNet countries. The internship involves a two-week orientation and a four-week working internship with a host organization. To date, Freedom House has sponsored 56 individuals of whom roughly half are from southern tier countries. The ratio of acceptances to applications is roughly 1:3.

The beneficial impacts of *any* generic fellowship program are difficult to measure because the results tend to be differentiated, diverse and personalized. Effectiveness is highly correlated with the capacity of the brokering organization to identify skills, needs and intent, construct a careful fit between the intern and the host institution and adjust to difficulties and inappropriate placements when they arise.

Individually valuable. Freedom House interns, almost unanimously, report that the internship experience has been highly valuable and that they have benefitted both personally and professionally from the experience, bringing back valuable insights and new competencies to their home organizations. Noted benefits include broadened perspective, better understanding of professional management, establishment of contacts and networks, new ideas about program directions, better understanding of modern fundraising techniques and improved language and writing skills.

Well managed. The program appears to be very well managed with considerable attention to the special needs of interns. Individuals are carefully and thoughtfully selected and placements are tailored to their needs. When mismatches occur, Freedom House generally moves quickly to solve the problem.

Limited utilization by DemNet programs. The program has not been extensively employed by individual DemNet country programs, despite the efforts of Freedom House. In part, this is because of the language barrier and the reluctance of senior managers to leave their organizations during a period of growth and change. Lack of utilization may also reflect some confusion with regard to management of the program, as noted below.

Tensions over control. Echoing a repeated theme, the evaluation team identified a number of instances where there was tension over management of the intern program between Freedom House and USAID and the DemNet country programs. This is not a universal phenomenon, but it may have impeded greater use of this resource in support of DemNet activities. On the one hand, USAID and the DemNet country program directors do not generally view the Intern program as a significant resource. On the other hand, they would both like to have greater control over the selection and placement of interns.³

5. The Think Tank Initiative

In the second year of the grant, Freedom House began to target public policy/ advocacy or "think tank" groups with a combination of publications, small grants and a concentrated effort to provide AVID volunteers and US internships. In March 1997, Freedom House hosted a regional conference of leaders from the public policy community.

Significant potential. There is broad consensus that the development of a stronger private sector capacity to do public policy analysis and to build a reputable base of analytical material in support of alternative policy positions is extremely important in Central and Eastern Europe.

Policy-making and advocacy should be informed by solid, practical research. The Freedom House emphasis has been valuable in that it has advanced and elaborated the concept of the policy institute and has underscored the importance of policy analysis in the conduct of public affairs and the formulation of legislation. Most importantly, it has done this within a regional framework that has reinforced the relevance and the credibility of the basic concept of public policy analysis and advocacy.

³ As noted in the country reports, Albania is an exception. The DemNet program in this country has designed a key role for Freedom House interns as part and parcel of a leadership development program strategy.

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Think Tank leaders want to work together on issues of common concern. The evaluation team was impressed with the manifest interest in collaboration. Several leaders of public policy organizations noted that they had begun correspondence and joint proposal development with public policy researchers from other countries. All bemoaned the lack of systematic and adequate levels of funding for coordination and cooperation on public policy research and advocacy at the regional level.

The Initiative demonstrates the value of strategic focus and resource bundling. It is clear that with this initiative Freedom House is seeking greater program focus and synergistic use of various elements of their program menu, including the placement of AVID volunteers, use of the regional exchange program, the award of regional grants, the publication of a directory, and placement of 12 think tank staffers in the American Internship program.

Not all USAIDs or DemNets recognize the value of the Think Tank Initiative. With USAID's emphasis on policy advocacy and participation, it was somewhat surprising to hear some USAID officers dismiss the Think Tank Initiative as "not being development," or "irrelevant to the country's needs." This view was shared also by at least one DemNet leader.

6. Conferences and Workshops

To date, Freedom House has sponsored nine workshops on topical issues such as NGO sustainability, advocacy and media relations, and the linking of ideas and research with public policy. In addition, Freedom House sponsors bi-annual meetings of the DemNet country program directors.

Workshops are highly relevant and important to regional collaboration. While a detailed assessment of each workshop is beyond the scope of this evaluation, the team was impressed with the relevance of the topics chosen, the level of participation and the supportive comments received from participants. The workshops have reached a significant number of NGO leaders, funds have been carefully targeted to leverage other contributions from other donors, and the linkage to DemNet themes has been broadly supportive. In general, support for regional workshops around topical areas that coincide with program goals (such as strengthening think tanks) is a very effective way to replicate positive results across a broader spectrum of organizations.

DemNet country director meetings are useful. There is broad agreement that the DemNet country director meetings have been exceedingly useful in sharing common experience, enriching program content and establishing a shared sense of purpose and direction. The meetings have been well designed and well managed. However, there are two concerns that need to be addressed: participation tends to be unequal, and in some

cases country directors report that their interest in these conferences is diminishing and that other priorities are more compelling. In any case, the gradual phase out of the DemNet program suggests that the format and approach needs to be adjusted to reflect changed circumstances and opportunities. (This is discussed below.)

7. NGO News and other Communication activities

Seven issues of the NGO News have been published and the last three issues have been translated into Hungarian, Polish, Albanian and Romanian; the final issue was also translated into Bulgarian. Subscription has grown dramatically from 2100 in 1995 to nearly 6000 in 1997.

NGO News is a substantial achievement of DemNet and Freedom House.

Interviewees stated that there is no other regional newsletter quite like it. Although many leaders speak English, reading is still difficult, and the translation of the News into local languages is the key to its widespread appreciation and success. Both Freedom House and CEE NGO leaders reported that a way should be found to transfer responsibility for NGO News to a CEE organization, perhaps with continued editorial links to Freedom House.

Effectively fills an important niche. There is broad consensus that this publication has been very successful and effective. While there were periodic suggestions for improvement, on balance those interviewed for this report were highly complimentary. In particular, the bulletin's in-depth treatment of single issues such as community foundations was felt to be very useful. There was broad agreement that the bulletin fills an important niche, that there is no other publication like it in CEE, and that it should be continued. It was agreed that it was particularly important to continue translation and publication in the local language. Enthusiasm for the publication was underscored by the fact that many respondents said their organization would be willing to pay for the newsletter.

To supplement the communications function performed by the NGO Newsletter, Freedom House developed an innovative World Wide Web site called NGONet. As with any innovation, usage was slow at the beginning. Several respondents reported that the utility and convenience of the site had gradually improved and was now highly regarded, although still underutilized in the CEE.

Two other publications by Freedom House are well regarded by NGOs, especially country-level umbrella and training support organizations. These are the NGO Trainers Directory and the Think Tank Directory.

8. Corporate Support Initiative

Several activities are grouped under this heading, including two grants, a dozen AVID volunteers, two workshops and eight US interns. Freedom House devotes attention to corporate philanthropy in the NGO News and at various workshops and conferences. In addition, Freedom House has funded the preparation of a study assessing prospects for tapping corporate support for NGO development in CEE.

The corporate philanthropy study and a series of follow on workshops have provided a valuable experience base to inform NGO sector thinking with respect to the design and implementation of a strategy to deepen charitable giving from the corporate sector. (This program has been completed and responsibility for further implementation vested in an individual. The evaluation team reviewed some of the pertinent documents but was not able to interview participating principles.)

Need for broader, adequately-funded strategic focus. Building a solid base of financial support for the independent sector in CEE is immensely important. While corporate giving is a potential source of support, it is not the only avenue and in the long run is likely to be eclipsed by individual giving. Efforts to build charitable support for the NGO sector will take considerable time and effort and the result may not mirror the western experience. Building a base of financial support for the NGO communities in CEE is complex, and requires a perspective that blends a hands-on understanding of modern fund-raising techniques with an appreciation of the social and cultural imperatives that will shape the future of philanthropy in CEE. Whether this is a role that Freedom House can play is not fully clear. On the one hand, Freedom House has a regional perspective, some access to western skills in this area and good outreach through publications and conferences. However, Freedom House may not have adequate resources and a sufficient experiential base to design the type of comprehensive effort that will be needed.

Special need to concentrate on NGO/government relations. Inevitably, the option of government support and cooperation with NGOs in the role of service provider is receiving considerable attention. Because survival is at stake, many NGOs are unblinking in their conviction that a close relationship with government is essential, without fully exploring alternatives or fully weighing the danger of losing effective independence. A more comprehensive Freedom House initiative on this issue, in partnership with other expert organizations, would be welcome, useful, and very timely in CEE today.

Community foundation initiative appears promising. There was general agreement that Freedom House should continue to concentrate on institutional linkages

and on community philanthropy through the further elaboration of the community foundation model.

D. International Center for Not-for-Profit Law (ICNL)

ICNL has and continues to perform two important roles in CEE countries. As anticipated, ICNL provides a range of advisory technical assistance in the drafting of legislation affecting the independent sectors in these countries. This assistance is delivered in the form of written comments, participation in workshops and a broad range of interactions with NGO leaders, associations, legislators, and government officials. ICNL also, and in varying degrees, has increasingly provided broad strategic assistance to the NGO sectors with respect to their relations with government, the strengthening of the NGO sector and the attributes of governance that NGOs should adopt if they are to be professional. This second category of services is emergent, less concrete, and more difficult to define. In the broadest sense it involves the building of sectoral capacity with an emphasis on the enabling statutory environment. The distinction is important because the institutional/governance functions begin to outline the general directions in which ICNL will head once core legislative vehicles have been established.

Significant positive impact. The legal advisory work of ICNL has been immensely valuable and well-timed with respect to the drafting and enactment of enabling legislation for the independent sectors of Central and Eastern Europe. ICNL's success is due in part to the fact that they were there with the right product at the right time. This is not to diminish ICNL's institutional competence, but to emphasize the importance of the enabling environment.

Strong technical competence.⁴ By and large, ICNL's technical work has been of high quality. ICNL staff have very impressive technical credentials and NGO and government officials who worked with ICNL have been highly complimentary.⁵

Very cost-effective. ICNL has been very cost-effective. To date, they have worked on a targeted, "as needed" basis, responding to individual situations and tailoring their involvement to the country situation and to the legislative and legal situation that is in place.

⁴ To ensure continued effectiveness, ICNL will need to be very careful to separate the function of drafting good law from the function of advocating for the independent sector.

⁵ ICNL's senior staff are active in US not-for-profit law, while other field staff have developed considerable knowledge and experience with emerging NGO law in CEE and elsewhere, in addition to their experience in American commercial law. ICNL frequently supplements its American experience with expertise from other European countries.

Effective style of intervention. ICNL is particularly adroit at inserting itself into complex political situations, winning the confidence of both NGOs and government and gaining a seat at the table. This is in part because they have the necessary technical expertise, but it is also a positive statement about the personal qualities of ICNL staff and their ability to work in a manner that gains the confidence of government and NGO sector participants. ICNL staffers like to describe their intervention strategy as one of "nudging the process along."

Independence and flexibility is key to ICNL's effectiveness. It was clear to the evaluation team that ICNL's independence from an official point of view was of critical importance to their credibility and capacity to work on sensitive legislative issues. This is pertinent in light of some recommendations to more tightly integrate program planning with the USAID in-country offices. Aside from problems of coordination and the danger of overwhelming a thinly-staffed organization, too close a relationship could undercut effectiveness.

Thin staffing has been an occasional problem. A concern expressed was that ICNL has inadequate staff coverage and too low a profile, and that they miss opportunities and are not available when needed. This concern is difficult to assess because ICNL's success has in some respects derived from their low profile and case specific, opportunistic approach. On balance and as discussed elsewhere, the evaluation team found that any significant enhancement of institutional presence merits caution.

Case-specific approach to capacity building. ICNL's approach to capacity building has to date been targeted, case-specific and opportunistic, relying on occasional individualized training and the establishment of close mentoring relations with key individuals.

Strong demand from DemNet countries. It was clear to the evaluation team that in several DemNet countries there is a very strong desire for continued ICNL assistance, and that ICNL is well positioned to have a highly positive impact on the body of laws that will frame and guide the development of the NGO sectors in these countries.

Building capacity for not-for-profit law. There is broad consensus on the need for wider and deeper capacity to develop, use, and administer not-for-profit law in CEE. Since the third sector is not sufficiently developed to offer most local attorneys a career in this field, the strengthening of capacity will not be market driven, at least in the initial stages, but will rely heavily on donor and/or local NGO-funded efforts.

Differential needs from northern and southern tier countries. Although difficult to generalize, most northern tier countries have adopted basic framework legislation and are now addressing issues of implementation. In northern tier countries,

ICNL's role will be increasingly to reference model legislation and provide a comparative perspective. The importance of hands on assistance in the drafting of legislation and/or regulations is likely to be modest and declining. In southern tier countries, ICNL will need to continue its work in much the same fashion as before in support of the passage of basic framework legislation.

Strategic support to emergent NGO sectors involves a fundamental change in direction for ICNL. To some degree, ICNL has already acted as mentor and advisor to nascent NGO sectors in reference to their relations with the state and, to a lesser degree, with regard to the crafting of their standards and principles of operation. This emergent role is of considerable potential utility and importance since it goes to the very core of the operative hypothesis regarding the salutary role of civil society. It is a function that is not currently being performed by any other donor organization with a regional perspective. Whether ICNL has the institutional capacity to perform this challenging role is beyond the scope of this assessment. However, it is pertinent that a shift in this direction involves a basic change in direction and one that would tend to align ICNL with the non-profit sectors in a manner that might affect their capacity to perform the honest broker role with government.

IV. CONCLUSIONS

A. The Structure of the Regional Program

1. Multiple objectives and structural difficulties hamper focused approach.

Particularly for Freedom House, and to a lesser extent ICNL, ambiguity with respect to the relative importance of "support," different conceptions of the "regional" concept and structural difficulties vis-a-vis USAID and the DemNet country programs have made it difficult to gain broad consensus on the fundamental purpose and rationale for a regional program. This has not constituted a fatal flaw and there have been considerable benefits and a large measure of experience to build on in the next transitional phase toward sustainability of the independent sectors in CEE.

2. Good marketing efforts.

Both Freedom House and ICNL (after much urging from USAID Washington) made a very solid effort to "market" their services during the early phase of the DemNet Program and both deserve high marks for their efforts to cultivate strong and supportive relationships with the DemNet country programs and with USAID offices. While the results have been differential, in that some country programs have drawn on regional resources to a greater extent than others and some USAID offices have felt neglected, both organizations have made a very impressive effort to tailor their programs to local needs and to understand the unique difficulties facing each country. The evaluation team was particularly impressed with the universality of positive comments regarding the personal style and supportive and constructive approach employed by the staff of both ICNL and Freedom House in their interaction with the Country Programs and with representatives of the NGO sectors.

3. Modest DemNet use of regional resources.

The team concluded that the services and programs offered by Freedom House and by ICNL have not been as fully integrated or utilized by the DemNet country programs as had been initially anticipated - although since the degree of engagement had not been specified, it is difficult to measure the shortfall. The reasons for only partial integration include:

- Intense pressure to get the program up and running and to quickly obligate funds diverted attention from peripheral resources.
- Absence of a joint program planning process.

- The monocular vision that is a consequence of separate and distinct organizational identity.
- Some initial skepticism with respect to the utility of volunteers and interns.
- An inherent disinclination to examine cross-border options and solutions.

More positive USAID support needed. While USAID offices were generally supportive of the programs offered by both regional providers, and particularly enthusiastic about the legal and drafting services offered by ICNL, it was clear to the evaluation team that USAID officers were much more knowledgeable about the country-based DemNet programs than they were about the regional activities. The team was surprised that in some instances USAID project officers were not fully aware of the range of resources offered by the regional programs or had knowledge of the utilization of these resources by the DemNet country program and/or by other institutions and individuals. While this reflects the long-standing difficulty of generating enthusiasm for activities funded from Washington, it may also in part help to explain the slow utilization rate, particularly for Freedom House during the early phase of DemNet.

The evaluation team also concluded that, to an indeterminate degree USAID's organizational structure and related program/budgeting process presented an impediment to joint programming and to full and early utilization of the support services offered through Freedom House. Because the programs funded by Freedom House are not within the managerial jurisdiction of USAID country missions, and because these budgets are not within their purview, USAID officers do not place the same priority on regional activities as they do on country programs.

B. Freedom House

1. Need for adequately-funded, integrated strategic focus.

A central cross-cutting conclusion of this evaluation is that, while the individual program instruments (interns, volunteers, etc.) have had utility and impact with respect to their individual purposes, there needs to be a more concerted integration and concentration of effort around strategic goals than is now the case. Whether this lack of strategic "bundling" is a product of contradictory objectives in the design of the program, resistance on the part of USAID to develop a program not directly supportive of bilateral missions, or simply a lack of appreciation of the need for a more strategic approach on all sides is not clear and probably beside the point. There is evidence that Freedom House met with USAID resistance when seeking to combine their various program instruments in a synergistic manner in the proposal to develop the Think Tank initiative. On the other hand, FH vigorously defends the utility and integrity of each of its various unique

activities. What is important at this point in the development of US support for civil society in the CEE is that a strategic approach be formulated. USAID and FH must work together to build a program which combines multiple resources in a focused, sustained and adequately-funded fashion.

2. The Support Role

The following conclusions regarding future directions are predicated on the assumption that some form of "support" relationship is continued in the next program phase.

Program Design. A central conclusion of this evaluation is that there should have been a clearer distinction between those activities designed to *support* the DemNet country programs and those activities designed to pursue the independent goal of regional networking and collaboration. This broad conclusion particularly applies to Freedom House, but will also increasingly apply to ICNL as this program broadens and places more emphasis on capacity building.

Program Instruments. Readers of this evaluation may wish to find conclusions and recommendations which clearly establish priorities between the various activities supported by FH, such as the AVID program, or the American Intern program. This report avoids that proposition. Instead, the findings suggest that, while each Freedom House program has merit, the key to its use depends on the development of more strategic objectives against which these instruments may be aligned. The decision to offer an American internship to a particular NGO should follow from an assessment of the organization's development requirements, rather than from a individualistic selection process against a predetermined budgetary line item. In this context, the use of any instrument is a function of the linkage between the objective and the organization(s) capacity to achieve. With respect to "support" functions, the evaluation team reached the following conclusions:

- **Regional Intern Exchange.** This program has multiple benefits and deserves high priority by DemNet country programs and Freedom House. It compliments the Freedom House regional program, builds cross border linkages, enhances CEE institutional capacity, as well as providing a valuable experience to the individual.
- **AVID Volunteers.** This program is well managed and cost-effective. The development of strategic regional programs focused on substantive public policy issues will afford new opportunities for attracting volunteers, even as the number of "desirable" postings diminishes. Also, where AVID volunteers have been used within the DemNet office, the experience has generally been very positive, and this practice needs to be continued in a systematic manner.

- **US Internships.** Internships can provide an effective supplemental training resource, particularly when deliberately integrated with a larger training strategy as is the case in Albania. However, the program is the most expensive to operate (direct and indirect costs combined), and requires a substantial amount of administrative effort in the United States. An additional concern is the observation by several older generation NGO leaders that, because of the high level of English language fluency required, the Intern program favored younger, better educated activists, while bypassing other, especially local level, leaders. Suggestions for "group" tours with translators were made to broaden the recruitment base of this program. The team concluded that this highly valued and relatively expensive program should continue, but that internship awards should be judiciously linked to the achievement of agreed-upon program objectives.

- **Regional Grants.** Whether and to what extent regional grant funds should be made available for DemNet country program "support" is primarily a function of resource constraints. As noted below, the evaluation team concluded that there is a strong rationale for a meaningful regional grant program that would support cross-border cooperation among NGOs, and that an adequate budget for this program is needed. While the regional program will benefit the DemNet activities, it could be managed by Freedom House without the requirement for integrated joint programming. If the regional program can be adequately funded, an allocation of more substantial grant funds in support of DemNet programs would be in order.

- **The NGO News.** The team concluded that it is important for this periodical to continue to be published and translated into local languages. Topical coverage could shift to emphasize the changing composition of the DemNet program, and articles pertinent to NIS countries could be increasingly published. In those countries where DemNet has phased out, an effort could be made to locate an NGO support group that can handle distribution and articles, and news items could continue to be solicited from northern tier countries. The evaluation team is uncertain as to whether it would be feasible to put the bulletin on a financially self-sustaining basis from advertising or subscription revenue, but believes an experimental effort could be made to generate revenue from these sources. If the consequent savings are more than offset by a significant drop in circulation, the effort could be dropped.

- **Conferences and Seminars.** The Team concluded that it would be well for the Country Directors meetings to continue at least for the next three years, with a shift in focus from in-house operational matters and grantmaking procedures to a greater emphasis on long-term public policy issues and the external enabling environment for the development of a civil society. The team concludes that these

meetings could be made more relevant and powerful by scheduling them on an annual basis, broadening participation to DemNet country staff, bringing in outside speakers and periodic inclusion of senior representatives from the NGO sector and from government. The team suggests that a conference working group comprised of DemNet country directors could be established to outline a three-year topical agenda and to begin to identify speakers and facilitators. Finally, the team concluded that it is critically important to ensure that budget constraints not limit the capacity of the implementing organizations to send participants. Accordingly, the team concluded that one option would be a cost-sharing formula, whereby Freedom House reserves funds in its budget for conference costs and per-diem, while the country programs cover travel expenses.

3. The USAID Role.

USAID missions can play an important role by encouraging the DemNet country programs to take advantage of regional resources and to integrate AVID volunteers, US interns and regional interns into their training and grant making programs.

C. ICNL

1. Impact on Legislation.

ICNL has had a very useful and positive impact on improving the quality of enabling legislation for the non-profit sector in the CEE and in facilitating a constructive dialogue between the NGO sector and government in those countries where it has been active.

2. Style of Interaction.

ICNL's flexible and adaptive approach based on reacting quickly and opportunistically to case-specific issues and using these issues as a wedge to engage government and the non-profit sectors in dialogue has to date been exceedingly cost-effective.

3. Capacity Building.

ICNL has been instrumental in raising the demand for good not-for-profit law across the region, through region-wide conferences such as the Sinai Regional Conference in 1994 and subsequently. It has also conducted formal training programs in not-for-profit law in several countries. The result of these efforts has been to put law on the agenda for the NGO community and the parliaments in the CEE, and to begin to make some progress in developing a cadre of lawyers who have at least a working knowledge of NGO law. It is difficult to establish discrete objectives for legal capacity building, however, and ICNL

needs to carefully target its efforts on high-value activities, such as a course on non-profit law at the Central Eastern European University.

4. Joint Program Planning and Integration with DemNet and USAID.

An important conclusion of this evaluation is that attempts to *formally* integrate program planning between ICNL, the DemNet programs and the USAID missions could undercut ICNL's overall effectiveness in supporting the development of a legal climate that will encourage a flourishing civil society in CEE. A related conclusion is that use of the mission contributions could have a similar effect. The reasons for this conclusion are as follows:

- To date, ICNL has been successful in responding to needs and issues in a reactive and case- specific manner.
- ICNL has a very small staff and they require the maximum freedom and flexibility to use their limited resources in a manner that will maximize impact.
- ICNL's credibility may, to a significant degree, depend on their autonomy from the official US government apparatus.
- In view of the inherent structural difficulties of coordinating decision-making between a regional and bilateral program, USAID needs to be extremely cautious in moving toward a more formalized and systematic process, particularly when the current arrangements appear to be functioning well.

5. Joint Programming with Freedom House.

There is scope for ICNL and Freedom House to join forces in developing programs wherein ICNL could be a contributor to Freedom House programs, or where Freedom House might want to collaborate on an effort involving legal issues of significant concern to ICNL. For example, the issue of privatization of social services now provided by government-established "NGOs" has important legal implications. Freedom House might find the question of who manages the CEE safety net of great substantive interest, while ICNL might want to work on the legal aspects of local government/NGO contractual arrangements.

D. Future Directions

1. Building a Strong Regional Program

The evaluation team believes there is a strong rationale for the design and implementation of a significant, continuing regional program of NGO sector collaboration in CEE. To summarize the prospective benefits:

- Maturation of the NGO communities in CEE now permits and encourages a deeper and more meaningful framework of partnership relations than had hitherto been the case.
- There are emergent and important opportunities for northern NGOs to work with and make a meaningful contribution to NGOs in southern tier countries.
- The closing of some DemNet country programs terminates a US link with a number of important and influential organizations and may, in some instances, create a funding hiatus that could put these organizations at risk. Maintenance of a well-funded regional program could sustain linkages and may in some cases provide bridge funding.
- An important agenda of common and, in some instances, joint public policy issues has emerged in CEE, and a regional program could help to structure an integrated and coordinated approach to these problems. A program organized through an American PVO would provide potential continuing access to the vast US experience in formulating effective solutions to social, economic and environmental issues.
- A visible but relatively modest US funded regional program is a signal of continued US attention, involvement and commitment to consolidation and sustainability of civil society and democracy in CEE.

USAID and its partners have an opportunity to construct a regional program which builds on lessons learned from DemNet and which can further consolidate DemNet's achievements. As the globalization process accelerates, the policy agenda becomes more homogeneous and more regional and international in character. At the end of the day, an active and diverse network of relationships, interests, organizational linkages and cooperative work programs would be helpful in supporting a strong and sustainable civil society in CEE.

In considering a regional program approach, USAID needs to seriously consider incorporating countries now outside the original DemNet boundaries such as Croatia,

Serbia, Bosnia, Ukraine and others in the NIS category. As has already been demonstrated in Belarus, establishing and sustaining credible NGOs and a civil society in these countries will be a formidable task, needing not only the direct assistance of the United States, but the more recent and similar experience and expertise of civil society leaders in the CEE. The fact that their inclusion would muddy USAID bureaucratic lines should not be a compelling argument against the expansion.

2. Freedom House

The future directions of the Freedom House program will be importantly influenced by four factors:

- The pattern, content and intensity of demand for DemNet support services that will in turn reflect the evolving future of the individual DemNet country programs including phase outs, extensions, new starts and refunding.
- A judgment with regard to the utility and relative importance of a regional program for CEE that would be rooted in a rationale independent of the case for supporting services.
- The structure and content of the Freedom House program and specifically whether the various instruments can be bundled in a more strategic manner to focus on clearer programmatic outcomes, as has already been attempted by FH in the Think Tank Initiative.
- The timing and program strategy for the new Trust for Central and Eastern Europe.

Lack of demand for support services. The evaluation team believes that Freedom House instruments offer resources that could be constructively used by DemNet country programs to enhance the impact of individual DemNet initiatives - particularly in southern tier countries.⁶ However, the evaluation team does not believe that there is a sufficient set of incentives or a strong enough interest in these instruments to suggest that they will become the object of active and energetic demand by the DemNet country programs during the remainder of the DemNet program.

Program Priorities. The evaluation team strongly believes that it would be important to direct priority attention to the construction of a meaningful regional program of

⁶ Potential opportunities include the design of training programs with an intern component (Albania); the continued use of AVID volunteers even where phase-out is imminent (Lithuania); regional grants to DemNet recipients (Hungary); the continued publication of the NGO News; and support for conferences.

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institutional collaboration centered around discreet targets or program objectives, as discussed above.

Integration of "support" activities. If Freedom House "support" activities are to continue and to be effectively and creatively deployed as a supplemental resource, there needs to be closer and more systematic joint program planning involving USAID, Freedom House and the DemNet country programs.

Country Coverage. In so far as any residual *support* activities are concerned, the team concluded that it is important to limit the Freedom House program to exceptional cases in which the DemNet country program makes a strong case for FH input, with the composition of support being determined by the content and direction of individual DemNet programs. As noted below, with regard to the larger question of the Freedom House regional program, the team concluded that the geographic and bureaucratic constraints need to be relaxed to the extent permitted by budget availabilities.

Significant potential for regional program. With regard to the future maintenance of a regional program in support of the development of civil society in Central and Eastern Europe, the evaluation team reached the following conclusions:

- There is considerable interest and support from virtually all those interviewed for the continuation of a dynamic regional program that would capitalize on the reality of shared experience, common problems and differential comparative advantage within the region.
- The rationale for a strengthened regional program is increased by the phase-out of the various DemNet activities and the gradual disengagement of USAID from the region because it provides an ongoing presence which is divorced from individual country connections and obligations.

Strategic bundling. The evaluation team believes that the various instruments available to Freedom House can be creatively bundled in a strategic manner and deployed against specific programmatic (or targeted institutional) regional objectives. Thus, it is possible to combine a program grant with regional exchange, to offer sub-grant recipients the services of an AVID fund-raising volunteer, or to fund an internship. However, there are three important caveats and current deficiencies which need to be addressed:

- The rationale for a regional program is significantly weakened if the program consists of a collection of instruments such as internships, volunteers, and the occasional award of grant funds.

- The level of grant resources currently available under the Freedom House program is not adequate to support a significant regional program. While individual grants may be quite effective - and the team was impressed with those that were examined for this study - annual average program level is insufficient to command the attention of prospective target groups or provide sufficient leverage to make a significant programmatic or institutional difference.
- In a related vein, the current procedural structure of USAID management of the Freedom House program is inconsistent with the effective management of a meaningful regional activity. Specifically, the complex and cumbersome decision-making process involving Freedom House headquarters, the USAID missions and USAID/Washington is inconsistent with the administration of a creative, flexible and responsive program

3. ICNL

The future direction of the USAID-supported ICNL program will be influenced by several considerations:

- Whether and to what extent it is important to sustain a close support relationship between ICNL and the remaining DemNet programs.
- A judgment regarding the need for institutional legal capacity-building in the region.
- Individual developments in the several CEE countries.
- A judgment with respect to the programmatic focus of the ICNL program that ranges along a continuum from the current case-specific approach to a more ambitious emphasis on a broad range of policy support for the development of civil societies.

With regard to the continued provision of support services during the remaining life of the individual DemNet country programs:

- Decisions with regard to the future content and direction of the ICNL program can be made largely without direct linkage to the future and content of the various DemNet programs in CEE.⁷

⁷ This is not to conclude that ICNL should not actively coordinate with the DemNet programs and work closely with them, particularly for example in Albania where the situation is so fragile.

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- At the same time ICNL could coordinate with the DemNet country programs on a regular and systematic basis.

It was clear from this evaluation that there is a continuing but differential need in CEE countries for further development and strengthening of non-profit legal capacity in so far as it relates to the establishment of the basic legal infrastructure. In southern tier countries, this includes the need for focused and periodic US based training, award of scholarships and internships and addition of basic courses on non-profit law at law schools and universities. In northern tier countries the combination of ICNL's expertise together with the few local attorneys who have training in non-profit law is sufficient to provide the technical expertise that governments and the NGO sectors need to draft effective legislation. In these countries, ICNL will have a continuing and important role in the provision of comparative analysis and with respect to the technical review of regulations and ancillary legislation.

The future role for ICNL could follow one of four alternative paths, summarized as follows:

- Continued provision of core services in support of basic enabling legislation for the independent sectors in CEE.
- Continuation of basic core services coupled with provision of additional advisory services pertaining to the implementation of the wide range of laws and regulations that impact the independent sector.
- Concentration on the strengthening and development of in-country and/or regional legal institutional capacity to deal on a continuing basis with the range of legal and legislative issues likely to confront the independent sectors in CEE.
- Strategic assistance to the NGO sectors to help these sectors develop effective long-term growth strategies vis-a-vis their governments and citizenry, including issues of rights of association, a deeper and more profound understanding of organizational independence, an appreciation of the pros and cons of government contracting, rules and procedures of effective governance and board role, and adoption of codes of conduct.

It is beyond the scope of this evaluation and it would, in fact, be inappropriate for the evaluation team to suggest which of these or some other strategic direction is preferable for ICNL. However, it is appropriate to underscore an important conclusion of this evaluation: if ICNL wishes to maintain a significant presence in all or most of CEE, the content of its programs is likely to differ significantly from what it has been doing during the last three years.

In the context of these broad observations, the evaluation team has developed the following conclusions with respect to the future program directions of ICNL.

- There is a continuing need for basic ICNL drafting and legal advisory services pertaining to the preparation of core NGO enabling legislation in a few remaining CEE countries. While the course of legislation preparation is difficult to predict, and the timing and

extent of ICNL participation is uncertain, it is important that USAID continue to support core ICNL services in order to complete a process that has been quite ably initiated.

- There is a growing need for advisory legal services pertaining to the drafting of a variety of ancillary statutes and related implementing regulations in a number of CEE countries. These range from licensing laws to provisions in the tax code to regulations dealing with governance issues and the responsibilities and liabilities of boards of directors. While ICNL has a potential role in assisting in this work, the need for external assistance varies from country to country and, in general, is declining. By and large, northern tier countries have the capacity to draft these laws and regulations in a professional manner that is responsive to the growth of the independent sectors. In the more evolved countries (whether northern or southern) the need for legal expertise will become more sophisticated and specific, and may consist of the kind of advice which can be provided through the development of professional association networks throughout the CEE, linked perhaps through ICNL to the American experience as well.
- In several CEE countries, there is a potential role for ICNL in the provision of strategic assistance to emergent NGO sectors with respect to their relations with government. This involves legislative tactics regarding the choice and content of legislation. These judgments need to be rooted in an intimate understanding of the local political situation and prevailing attitudes toward NGOs. Whether and to what degree ICNL should engage in this type of advisory support is a tactical judgment that will depend on whether ICNL is confident of its understanding of the political situation. ICNL leaders are well aware of this danger, and vow to steer clear of entangling alliances of this sort, recognizing that their chief attribute to date has been their ability to play the role of intermediary or honest broker in situations where others play the advocacy role.

In most CEE countries, the independent sectors are or will be grappling with fundamental questions of role and identity that include issues of independence from government, the meaning and nature of public accountability, attributes of responsible governance, accountability and transparency of operation. This is an unserved and critically important area. However, involvement in such matters would clearly move ICNL away from the provision of legal technical assistance and more into the area of organizational capacity building.

A comprehensive assessment of legal institutional capacity on a country-by-country basis was well beyond the scope of this evaluation. However, the team formed the following broad conclusions:

- There is a need for enhanced legal capacity to draft legislation, advise NGOs and construct an appropriate regulatory framework in both northern and southern tier countries, with the most pressing needs in the latter.
- The provision of greater capacity can be accomplished through targeted scholarships and exchange programs, the development of issue specific "legal guide books", and the addition of courses on non-profit law at national universities.

- ICNL's limited and case-specific approach to capacity-building is appropriate in this context.
- Thus, ICNL could continue to develop a legal capacity-building program of limited scope, working through the ICNL Regional Office in Budapest, the Central European University's law training program, and by providing technical and curricular input to country-level training programs mounted by potential ICNL partners in each country.
- At the regional level, ICNL and Freedom House could actively collaborate to provide legal input into selected regional activities that codify comparative experience, build a data base of relevant CEE statutes and regulations, identify prominent legal experts and support research on workable legal non-profit frameworks.

V. RECOMMENDATIONS

A. Freedom House

General:

1. **Restructure, clarify and sharpen the purpose of the grant agreement.** The evaluation team recommends that the Freedom House program continue to receive support from USAID, but that the cooperative agreement be restructured to sharpen the objectives, address ambiguities of purpose, deal with definitional issues and lack of clarity regarding roles and responsibilities vis-a-vis USAID and DemNet country offices.
2. **Develop a multi-year strategic plan based on revised goal and purpose.** To facilitate downstream decision-making, the evaluation team recommends that Freedom House prepare a multi-year plan (based on further recommendations set forth below) that would categorize interventions according to objective and specify the level and extent of USAID and DemNet integration - if the "support" role is maintained.
3. **Increase managerial and decision-making autonomy.** The evaluation team strongly recommends a greater degree of operational autonomy to implement the purposes of the cooperative agreement within parameters established by the strategic plan. The USAID oversight role should shift from a focus on the particular to a focus on the strategic. The multiple and layered system of approvals involving FH headquarters and USAID Washington should be disbanded in favor of a process of strategic monitoring and activity review by exception. Once basic strategic objectives are in place, considerable autonomy should be given to field offices to conduct day-to-day implementation and monitoring of program activities.
4. **Consider a shift to a grant vehicle.** As a corollary of the foregoing recommendation, USAID should give serious consideration to the use of a grant vehicle in lieu of a cooperative agreement in order to reflect the greater degree of managerial discretion that is recommended in this evaluation. (This is particularly the case if a decision is made to diminish the "support" role and augment the regional program, as discussed below.)
5. **Distinguish between support functions.** Regardless of whether a grant or a cooperative agreement is used, there should be a sharper distinction between those activities that Freedom House is *obliged* to carry out in support of the DemNet program and/or USAID mission objectives, and those activities designed to build regional collaboration and broadly foster the sustainability of independent sectors in CEE.
6. **Internal capacity building.** Designing and supporting a significant, program-focused regional activity will require access to technical and analytical resources that may periodically exceed Freedom House's current array of staff capacities. These are difficult, dynamic issue areas, and it is unrealistic to assume that any organization can sustain the capacity to be fully responsive. Therefore, USAID should provide modest support for internal capacity-building initiatives.

7. **Develop a functional sustainability plan.** Freedom House leadership cannot expect USAID funding support in perpetuity. Therefore, Freedom House should be asked to prepare a long-term sustainability plan that would address the future of the most valued regional programs now supported by Freedom House with USAID backing. A first example of this is the highly valued NGO Newsletter, which should at some point be prepared by a CEE organization with major financial support from the region and from "subscribers". This plan should deal with funding support, network structures, relations to DemNet countries and activities, evolving program areas, linkages to the three new funding initiatives and staffing requirements. It should set forth a concrete plan for gradual independence from USAID support.

Regional Program:

1. **Enhanced regional program.** Freedom House should design and seek funding for a significant regional program centered around discreet targets or program objectives such as support to think tanks, the development of community foundations, strengthening the prospects for sustainability or building a network of regional NGO training organizations.
2. **Integrate instruments around program goals.** The choice and funding level for different instruments (AVID volunteers, interns) should be subordinated to and determined by program objectives. The efforts that Freedom House has recently made to integrate and bundle their various activities and instruments against a programmatic target should be continued.
3. **Simplify decision making.** Freedom House should be given as much latitude as is feasible under current USAID regulations to design and implement the regional program without being encumbered with redundant layers of administrative review, approval and oversight.
4. **Dedicate budget resources.** The budget for the regional program should be at a meaningful level, and the inclination to spread resources across a broad terrain of other attractive possibilities should be resisted in order to ensure a critical programmatic mass. In particular, funds for the regional grant program should be enhanced.
5. **Coordinate with DemNet.** The regional program should, where appropriate, be designed to complement DemNet activities and be coordinated with activities within topical areas of concentration.
6. **Make sure post-assistance agreements allow regional activities.** In constructing phase-out or termination agreements with post-assistance countries, USAID should ensure that the language permits the continuation of regionally-funded activities.

Support Services:

1. **Give priority to regional program.** If resources are scarce, as is likely to be the case, the evaluation team recommends that first priority be given to the construction of a meaningful regional program of institutional collaboration centered around discreet targets or program objectives as recommended above. Subject to a period of transition, and the recognition that

extraordinary circumstances may dictate the need for FH to provide support for a country program. in the main, the support function should be phased out as quickly as possible.

2. Funding priorities. To the extent that USAID deems it important to maintain continued Freedom House support to DemNet country programs, the evaluation team recommends that funding priorities be arrayed as follows:

- Regional intern exchange.
- Small grants to DemNet recipients with an interest in regional networking and collaboration.
- The AVID program.

3. Communications Activities. These have been considered part of the DemNet support function in the past. However, maintaining civil society networks and cooperative actions rests on the critically important role of an effective communication system across national boundaries. NGO News, and potentially the WebSite, contributes to regional program objectives and should be maintained. However, communication is also an "issue" for the CEE leadership to take up, and eventually take over. This should be on the procedural side of the regional program agenda over the next phase of the FH program. The NGO News should continue to be published and translated into local languages. Topical coverage should shift to emphasize the changing composition of the DemNet program and articles pertinent to NIS countries should be increasingly published. An experimental effort should be made to generate revenue from alternative sources.

Other Support programs:

1. The Country Directors' meetings should be continued at least for the next three years, but the focus should shift from in-house operational matters and grantmaking procedures to greater emphasis on long-term public policy issues and the external enabling environment for the development of a civil society. These meetings should be made more relevant and powerful by scheduling them on an annual basis, broadening participation to DemNet country staff, bringing in outside speakers and periodic inclusion of senior representatives from the NGO sector and government.
2. Topical workshops should continue but topics should be chosen on the basis of their relevance to the central themes of the expanded regional program.
3. The corporate support program should either be discontinued as a principal initiative (with continued coverage in the NGO News and through periodic conferences) or should be expanded, broadened in scope and adequately funded as part of the expanded regional program. A minimally-funded effort should not be continued.

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B. ICNL

1. **Clarify responsibilities vis-a-vis USAID missions and reflect the changing nature of the ICNL program.** The evaluation team recommends that ICNL continue to receive support from USAID, but that the cooperative agreement be restructured to define the nature of the relationship with USAID offices and to clarify expectations with respect to the changing shape of the ICNL program, as addressed below.⁸
2. **Develop a multi-year plan based on a revised goal and purpose structure.** Because of the changing nature of the ICNL program, the evaluation team recommends that ICNL also prepare a multi-year plan that would structure interventions according to type of assistance (e.g., legislative drafting, implementation of regulations, strategic support to the NGO sector.) It is important to stress that this document is not for purposes of compliance or oversight, but to assist ICNL in thinking through priorities and staffing needs in the context of current capabilities.
3. **Maintain managerial and decision-making autonomy.** The evaluation team strongly recommends continuation of the current degree of operational and decision-making autonomy to implement the purposes of the agreement within parameters set forth in the cooperative agreement.
4. **Consider shift to grant vehicle.** As a corollary of the foregoing recommendation, USAID should seriously consider the use of a grant vehicle in lieu of a cooperative agreement in order to reflect the high level of managerial discretion that is characteristic of the way ICNL functions.
5. **Internal capacity building.** In view of the changing context in which ICNL functions and the shifting focus of the program, it is appropriate to support access to technical and analytical resources that may periodically exceed ICNL's current array of staff capacities. Thus, it is recommended that USAID should provide modest resources for institution-building activities.
6. **Develop a sustainability plan.** ICNL should be asked to prepare a long-term sustainability plan that would address regional needs, program sustainability, linkages to the three new regional funding initiatives, and staffing requirements. The emphasis of this plan should not be ICNL's sustainability, but the sustainability of necessary functions for the continued evolution of not-for-profit law in CEE and other emergent civil societies.

Program elements:

1. **Support continued program of legislative drafting services.** ICNL should receive continuing support for advisory legal services pertaining to the drafting of a variety of enabling and framework statutes in those CEE countries that require this type of assistance.

⁸ The evaluation team is aware that ICNL has put forth a proposal for additional USAID funding which may incorporate some of these recommendations. The team has not reviewed that document.

2. **Support legal services pertaining to the implementation of laws.** ICNL should continue to receive support to provide legal advice and services pertaining to drafting of rules, regulations and administrative practices pertinent to the functioning of the independent sectors in CEE countries. This is a broad area and ICNL should be asked to define as clearly as possible the focus area and the array of services that it will provide.
3. **Be responsive to an expanded role for provision of strategic guidance to NGO sectors.** USAID should be responsive to a request for support to enhance ICNL's institutional capacity to increasingly provide strategic legal assistance to emergent NGO sectors with respect to their relations with government. This will be somewhat of a new departure for ICNL, and the organization should be encouraged to engage in a careful planning process in order to chart a well-reasoned course of action.
4. **Be cautiously responsive to an expanded advisory role for ICNL with respect to the role and function of civil society institutions.** This includes issues of independence from government, the meaning and nature of public accountability, the attributes of responsible governance, accountability and transparency of NGO operations. This is an unserved and critically important area, but it is new and demands a significant augmentation of institutional ability and would clearly move ICNL away from its heartland. While USAID should be responsive to requests for funding in this area, it should request a program strategy and related work plan.
5. **Continue to support ICNL's work in building legal capacity through targeted training efforts.** This should include individual internships in the US and/or CEE, sponsorship of regional training programs, and courses offered through Central European University's law training program.
6. **Encourage ICNL/Freedom House collaboration.** At the regional level, ICNL and Freedom House should actively collaborate to provide legal input into selected regional activities that codify comparative experience, build a data base of relevant CEE statutes and regulations, identify prominent legal experts, and support research on workable legal non-profit frameworks.
7. **Support establishment of a regional office.** Because a regional office will allow ICNL to respond quickly and efficiently, and is directly related to the provision of training to build non-profit legal capacity, such an initiative should be supported.

SCOPE OF WORK
ASSESSMENT/EVALUATION
OF
REGIONAL COOPERATIVE AGREEMENTS
IN SUPPORT OF THE
DEMOCRACY NETWORK PROGRAM

International Center for Not-for-Profit Law (ICNL)
Freedom House (FH) - formerly the National Forum Foundation (NFF)

I. BACKGROUND: A major objective of U.S. foreign assistance in both Central and Eastern Europe (CEE), has been to encourage and support the development of a sustainable community of non-governmental organizations (NGOs) in each country where a USAID program exists. In January 1994, President Clinton in Prague, announced the Democracy Network (DemNet) Program to further support this objective.

DemNet is a three-year, \$30 million program to reinforce the new democracies through the strengthening of NGOs in 11 CEE countries in the fields of democracy building, economic development, environment, and social safety nets. Participating countries include Albania, Bulgaria, Estonia, Hungary, Macedonia, Latvia, Lithuania, Poland, Romania and Slovakia. Croatia will soon join the program. DemNet has three components:

* In-country NGO sector support: through DemNet, seven U.S. private voluntary organizations (the U.S. Baltics Foundation, Foundation for a Civil Society, Academy for Educational Development, World Learning, United Way International, ORT, and the Institute for Sustainable Communities) provide indigenous NGOs with training, technical assistance, and small grants.

* Regional networking: Freedom House facilitates and strengthens cross-border cooperation among the regions' indigenous public policy-oriented NGOs and provides information and networking support for in-country NGOs and provides information and networking support for in-country DemNet Programs. FH sponsors a series of on-going activities to achieve these objectives, including :

- Internships for NGO managers in the U.S.;
- Regional exchanges for training, experience transfer, and project development (particularly "North - South");
- Workshops for cross-border training/project development;
- Regional project grants involving two or more DemNet countries;
- On-site managerial assistance by U.S. professionals;

- Newsletters, directories, and electronic networking for communications support for CEE NGOs; and
- Information and coordination support for DemNet country program advisors.

* Legal environment strengthening : The International Center for Not-for-Profit Law (ICNL) works to strengthen the legal environment for NGOs across CEE through consultations, training, and networking activities for NGO leaders, lawyers, and government officials.

The DemNet Program seeks to strengthen public policy-oriented NGOs in CEE working in four priority sectors : democracy, economic growth, environment, and social safety nets. Across the region, DemNet works with local and national governments and the media to improve relations among these sectors and the NGO community. Through all of its activities, DemNet increases citizen participation in the public policy dialogue through a viable, sustainable third sector.

The two regional DemNet Cooperative Agreements (CAs), ICNL and FH, which have as their principal objective legal environment strengthening (ICNL) and regional networking (FH), have a completion date of April 1998. ENI's Office of Democracy, Governance and Social Reform, Civil Society Division (ENI/DGSR/CS), the COTR for the two CAs, is currently considering follow-on CA's for both grantees. Thus, an independent evaluation of the two CAs at this time is timely.

ICNL is a U.S. NGO which assists the drafting and improvement of laws and regulatory systems to permit, encourage, and regulate the NGO sector in countries around the world. In cooperation with local and international organizations, ICNL provides technical legal assistance for writing laws and regulations that will enable the NGO sector to grow and thrive. ICNL also manages training programs to assist lawyers and NGO leaders in learning about NGO laws; maintains a library, resource center and clearinghouse for information on legal developments regarding the NGO sector; and conducts and supports research relevant to strengthening and improving laws and legal systems of NGOs. ICNL has been operating in CEE countries with DemNet support since 1994.

FH is a U.S. NGO that promotes democracy and liberty throughout the world. It seeks an engaged U.S. foreign policy; evaluates human rights conditions; sponsors public education campaigns; facilitates training and other assistance to promote democracy and free market reforms; and provides support for the rule of law, free media, and effective local governance.

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The National Forum Foundation's activities that have now joined the FH portfolio promote political and economic freedom in emerging democracies of Central and Eastern Europe and the former Soviet Union through training programs and direct assistance. In addition to the Regional Networking Project of the DemNet Program, these activities include a CEE Internship Program for new leaders in the region to spend three months with U.S. counterparts and the American Volunteers for International Development (both partially funded by the DemNet Program) which places short-term U.S. volunteers in CEE countries to provide technical and managerial expertise; a Government Transition Support Program in Romania; and a media assistance program in Romania. The organization has also mounted a Web site which features a comprehensive range of information both for and about NGOs active in the CEE. FH received its DemNet grant in spring 1995.

II. OBJECTIVE: The contractor will provide two program evaluation experts to conduct an evaluation of implementation efforts to date of the two DemNet Regional Cooperative Agreements: ICNL and FH, under agreements EUR-0032-A-00-4073-00 and DHR-0032-A-00-5045-00 respectively.

III. STATEMENT OF WORK: The services requested will require: preparatory work both in ENI/DGSR/CS, the home offices of ICNL and FH, as well as the home offices of selected DemNet Country Program implementors in the Washington, DC area; travel to the ICNL and FH regional offices in Budapest; travel to two or three additional countries within the DemNet Program area; and a write-up and presentation of preliminary findings and recommendations in Washington to USAID/W, ICNL and FH. Thus, the services requested under this contract will be for a period estimated at 36 work days, which will include three weeks in Washington and three weeks in the field (Hungary approximately one week and one week in each of two additional countries, to be determined in consultation with USAID field offices, ICNL and FH).

A. Specific Tasks

1. Profile of the activity. The evaluation team will describe the activities of each grantee under the DemNet program, will assess progress to date, and will provide recommendations regarding future directions and activities for both activities in the proposed three-year extensions.

2. General Questions to Address:

a) Implementation to date. For each CA:

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-- What are the mechanisms and/or approaches that seem to be working best/least well; why?

-- In the pursuit of program goals, what are the areas that seem to be the most/least successful of program interventions; why?

-- What are the major constraints facing the program? What can/needs to be done to address these constraints?

-- What are the major successes and accomplishments of the program to date? How can the successes be built upon?

-- What is the program's approach to cost effectiveness/cost sharing; what seems to be working best/least well?

-- What changes are recommended for the future in the design and implementations of the two programs that can improve their ability to produce tangible and measurable results?

-- What degree of success has been attained in addressing the assistance needs of individual countries as opposed to focussing on the overall regional impact?

b) Management

-- How does the management style and structure of the organization affect program implementation?

-- How does management incorporate program planning and review; how are program adjustments identified and carried out?

-- What is the level of USAID management/oversight? Is it at the appropriate level? Are USAID field offices satisfied with their level of involvement in management? Have ICNL and FH been flexible in responding to USAID requests?

-- What are the perceived and/or real advantages or disadvantages of the current management structure?

c) Evaluations, results, monitoring and reporting

-- What types of systems are in place? What

types of data/indicators are collected and reported?

-- How reliable is the data being reported? What are biggest obstacles to "good" data?

-- Has the information and reports generated been used by management (both USAID and the implementor)?

3. Specific questions for each Cooperative Agreement implementor:

a) ICNL:

-- To what extent has ICNL's technical assistance and training had a beneficial impact on NGO law reform activities in the country? At the country level, are ICNL's activities considered to be value added?

-- In what ways and to what extent has in-country capacity of legal resource centers, members of parliament and national governments to address NGO legal issues increased as a result of ICNL activities?

-- To what extent has ICNL responded to priority NGO legal issues as identified by local NGOs, government officials, and/or members of parliament?

-- What are the legacies of this activity and what can be done to reinforce the sustainability of NGO law reform activities following USAID closeout in CEE?

-- To what extent have ICNL activities promoted useful cross-border exchanges of information and lessons learned?

b) FH:

-- Has FH successfully complemented DemNet in country priorities with regional activities in participating countries? Have USAID regional missions and DemNet country programs utilized FH resources? At the country level, are FH activities considered to be value added by the DemNet country programs and USAID Missions? Should the semi-annual meetings of CEE based USAID staff and DemNet Country Program implementors continue?

-- Is FH's U.S. based management training for NGO leaders appropriate for the needs of the CEE/NGO community? Should this activity continue at the same

level of effort? Should the support provided to CEE NGOs through the AVID program continue?

-- Has FH's Think Tank Initiative been successful in assisting CEE's independent public policy institutes? Should support to the particular community of public policy-oriented NGOs continue?

-- Has the regional networking effort (East-East) promoted and encouraged cross-border cooperation between CEE NGOs? Has it been successful in transferring lessons learned, have participating NGOs benefited from the various components and have these activities been appropriately focused? Should the current emphasis on these activities continue?

-- What has been the impact to date of the corporate philanthropy initiative to address NGO sustainability? Should this initiative continue and if so, what should be the level of effort?

-- What is the impact of FH's quarterly newsletter "NGO News" on the CEE NGO sector? What has been the impact of translating the publication in CEE languages?

**List of
Individuals Interviewed**

Freedom House

Denton, James, Executive Director
Lyons, Therese
Baratta, Mira, Vice President of Programs
Wiebler, Peter, Regional Director
Egan, Patrick, Program Officer, Hungary
Gibbons, Paula
Zimbo Asta, Grants Program Administrator, Budapest

International Center For Non-Profit Law

Rutzen, Doug
Klingelhofer, Streven
Garland, Jean, Program Director, Hungary

Non-Governmental Organizations

United States

Roe, Nathan, US Baltic Foundation
Ricci, Bonni, World Learning
Angus, Celeste, ORT

Albania

Davis, Lisa L., ORT, DemNet Chief of Party
Fico, Ilier, Albanian Civil Society Foundation
Spahia, Gerta, Society for Democratic Culture
Gace, Miranda, Executive Director, Society for Democratic Culture
Gusho, Afroviti, Program Coordinator, Reflections Association
Kocollari, Alfred, Director of Humanitarian Aid and Coordinatin, Govenment of Albania
Kureta, Shpresa, Ministry of Foreign Affairs, Albania
Leskaj, Valentina, Albanian Family Planning Association
Mecaj, Vjollca, Attourney
Myftiu, Alken
Papa, Marinela, form intern

Lithuania

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Lomovska, Aneta, Project Manager, Lithuanian Free Market Institute
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Parkison, Mark, Director, World Learning
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Estonia

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Other

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Evaluation Notes
Albania - January 12-15, 1998

Introduction

The evaluation of the regional component of the DemNet Program in Albania was organized primarily by the DemNet Country Program administered by ORT. Lisa Davis is the Country Director and she was very helpful in setting up interviews and in providing background information and analysis.

The assessment lasted four days and was limited to meetings in Tirana because of the precarious security situation outside the capital. Interviews were conducted with seven NGOs, with USAID and ORT staff and with an official in the Albania government who is responsible for coordinating NGO activity. Both ORT and USAID provided background reports and analysis, supplementing the material provided previously by Freedom House and ICNL.

DemNet Regional Activities in Albania

The NGO sector in Albania is emergent and fragile. There is broad consensus that NGOs have limited institutional capacity, very limited financial and organizational resources and a poor understanding of the role and function of NGOs in a civil society. Until recently, relations with government have been antagonistic with sporadic attempts to control the activities of the NGO sector through intrusive legislation and enactment of a restrictive licensing law. There are several NGO umbrella groups and an NGO forum does exist, however these groups are still formative, lack a sophisticated understanding of constituency building and suffer from jealousies and turf battles characteristic of a new NGO sector where resources are limited.

The DemNet program (managed by ORT) has requested and is likely to receive additional funding for a three year period. This is the only DemNet program to receive an additional tranche of funds. The program has and will continue to place heavy emphasis on capacity building and training and during the next three years there will be focused and concentrated effort to systematically work with a limited number of NGOs and third sector leaders to improve their managerial ability. This effort will include selection and strengthening of a lead organization, a program of training for trainers and the design and implementation of a comprehensive leadership develop for staff from a core group of grant recipients. In building these proposals, the DemNet country program incorporated explicit reliance on internship resources to be provided by Freedom House.

The Albanian NGO legal framework is problematic but workable in the short run. Albania has no constitution although preparatory work has commenced. A 1994 civil code sets forth the basic provisions governing NGOs. Despite internal contradictions and some confusion with respect to whether and to what extent NGOs can engage in economic activity, the code is not fundamentally antagonistic to the growth of the sector.

A key recent issue involves an attempt by the former (Berisha) government to pass an NGO licensing law that would have vested in government intrusive authority to control and direct the affairs of a large number of NGOs. ICNL was asked to assist, and by all accounts provided an immensely valuable service by providing technical counsel to both government and the NGO sector and by facilitating dialogue and open exchange of views which had a calming effect on a potentially divisive and dangerous issue.

Despite this positive development and a recent climate of good will, there is a void of confusion and misunderstanding of roles between government and the NGO sector. An important long term issue is in what areas and to what extent it is appropriate for government to rely the NGO sector for the delivery of services.

Findings: ICNL

ICNL's technical and facilitative assistance in working with government and the NGO community in Albania on the draft licensing law was well timed and highly effective. Despite some initial setbacks, ICNL was adroit in gaining the confidence and support of both parties. ICNL's technical competence and facilitative, non-dogmatic working style strengthened their credibility and their capacity to influence the outcome in a productive way.

It is clear that there is an important continuing need for technical legal advice on a wide range of non-profit legal issues from licensing to tax questions to the fundamental principles of free association that will presumably be enunciated in the new constitution. ICNL has an established presence and credibility and should be asked to continue.

It is also the impression of the evaluation team that the NGO sector in Albania needs help in working through a comprehensive strategic approach to its relations with government that would address issues of role, timing, priority and the content of various pieces of legislation within the context of Albania's very delicate and potentially explosive social and political situation. This is complex and interactive set of issues because the NGO community itself is unclear with regard to the roles and governing principles of civil society. While ICNL is potentially well positioned to assume this difficult task and certainly has sufficient understanding of the legal issues, it is not clear that they currently have the staffing resources or the depth of experience in strategic positioning at the sectoral level that would be required.

ICNL has been effective in cultivating a positive relationship with the USAID mission. Despite their intermittent presence, they are viewed as an available resource that can be deployed when needed.

While ICNL has provided help and training to individual lawyers in the area of non-profit law, they have not engaged in an institutional capacity building program in the sense of developing and supporting an indigenous organization that would provide the services that ICNL has hitherto provided.

Conclusions: ICNL

ICNL should continue to offer technical advisory assistance to both the government and the NGO community. In addition, ICNL has developed a facilitative role in bringing government and the NGO community constructively together and this role should be supported and should continue.

ICNL should consider whether and how they might play a broader strategic role in Albania. To date, ICNL's role has been reactive and case specific. A more ambitious task involves assistance to the NGO community to develop a long term strategic approach while at the same time helping the community to better understand its role.

ICNL should be asked to develop an explicit program and set of recommendations with regard to the strengthening of indigenous institutional legal capacity.

Findings: Freedom House

The DemNet Country program was very positive about the program and resources offered by Freedom House and felt that these were "marketed" in an active and collaborative manner and managed responsively and flexibly. This positive view was not entirely shared by USAID who felt that Freedom House should have been more active, visibly present and strategic in their approach.

While supportive, the DemNet program indicated they had not been able to fully utilize regional resources during the early stages of project implementation because of the immense pressure to commit funds and to accelerate activity under the country program.

The Freedom House interns that were interviewed for this evaluation were very positive about their training experience in the United States. Their comments echoed a general finding that Freedom House does an excellent job in administering the intern program in a flexible, adaptive and responsive manner that is likely to maximize the probability that interns will learn from their experience.⁹

Future plans for the Albanian DemNet program include a key role for Freedom House US interns as part of the program's emphasis on training and leadership development. This is an important example of how a DemNet program can utilize a regional resource to complement the resources available to the country program. The DemNet country program also plans to rely on Freedom House to finance both regional and in-country internships during the next phase of the DemNet program.¹⁰

⁹ One small example noted by an Albanian women is that Freedom House provided free access to a telephone while in Washington for purposes of making contacts and networking and that this provided a wonderful opportunity to take initiative and develop relations.

¹⁰ It is relevant to note that while the DemNet Country Program has very concrete expectations with respect to tapping into Freedom House resources, these plans have not been fully coordinated with Freedom House. This underscores a broad conclusion in the evaluation that if Freedom House resources are to be truly synergistic, there is a need for more deliberate program coordination and joint program planning.

The DemNet staff were positive and supportive of the NGO Bulletin (translated into Albanian) and the variety of conferences presented by Freedom House. It was felt that the bi-annual meetings of country directors were particularly valuable because of the exchange of experience and the nurturing of a common identity.

An emerging theme from NGO interviews was the absence of a tradition of voluntarism and philanthropy in Albania and the lack of a set of societal principles and values on which the development of a civil society rests. The absence of this fundamental attitudinal framework was related to the importance of exchange programs.

Albanian NGO leaders interviewed for this evaluation were strongly in favor of increased regional exchange. Reasons included similarity of historical experience, a set of common problems e.g. environment and pension reform, cost effectiveness, absence of the English language barrier, proximity to home and work, and the ability to send people for a shorter period of time.

Conclusions: Freedom House

There are significant immediate opportunities for a growing Freedom House program in Albania with particular emphasis on US internships and regional and in-country exchange programs.

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**Evaluation Notes
Lithuania - January 20-22**

Introduction

This reports on a brief visit to Lithuania. Meetings were very capably organized by Irina Kibickija from USAID who oversees the DemNet program in Lithuania. Meetings were held with USAID, Soros, the Director of the NGO support group, the Lithuanian Free Market Institute, the Director of the DemNet program, two AVID volunteers and two US interns. The writer had been in Lithuania on two previous occasions and is familiar with many of the NGOs who receive DemNet funding.

The emergence of a Third Sector in Lithuania has been difficult. Private voluntary activity was virtually eliminated under communism and Lithuania has had to rebuild the institutions and laws of government from scratch. A 1995 report noted that the sector was "undeveloped with limited organizational capacity". Soros is active, a support center has been established and NGO registration has mushroomed in recent years. NGO legislation was passed in 1996 although it is complex and defective in some modest respects. There is broad consensus that the government does not understand the role of NGOs. The four statutes are exceedingly cumbersome. Misinterpretation is common and reform is needed particularly with respect to issues of income generation and even handed tax treatment. A revised statute is currently under discussion and the NGO community has been actively lobbying government.

Because of the brevity of the visit, this report concentrates on findings and impressions.

DemNet Regional Activities

DemNet was given a no-cost extension and will phase out in September, 1998. The program is currently concentrating on an intensive and focused program of training and support to a selected handful of grantees. AVID volunteers have been used extensively and effectively and in fact an AVID volunteer has been hired by the US Baltic Foundation to provide general oversight for all Baltic DemNet activities.

Findings: ICNL

ICNL was actively involved in the passage of various NGO legislation in 1995 and 1996. Specifically, they reviewed and commented extensively on the draft laws on foundations and associates. Although it is difficult to track the precise impact, there is broad agreement that the assistance was useful and effective.

ICNL worked with and trained a local attorney who currently works part time at the NGO support center and is on the working group that is advising government on amendments to

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current law. ICNL is well known and they appear to have good working relationships and credibility with government and the NGO sector.

ICNL has provided targeted training and recently subsidized legal services offered through the NGO support network.

The USAID staff were supportive and felt ICNL's technical capacity was high. However, there was a broad concern that ICNL be more actively present in-country, follow up more frequently and develop a phased strategic approach to restructuring the various NGO laws. AID staff noted that they have not called upon ICNL because they have assumed that ICNL did not have the resources to help. In general, AID would like a closer and more active and coordinated relationship. The new Baltic American Partnership Fund has an explicit programmatic focus on the legal enabling environment and this is an area where ICNL has a clear role and comparative advantage. With respect to the USAID phase out, it was noted that in Latvia the close out agreement had been drafted in a manner that excluded ongoing regional initiatives of any sort. All agree that this inflexible language is problematic and should not be repeated in Lithuania.

ICNL/DemNet collaboration could be strengthened. It was noted that DemNet has designed and is about to launch a systematic training program for NGOs. The curriculum lacks an opening segment on the philosophy and legal basis for a civil society. This would have been an ideal course for ICNL to give

In general, respondents felt that ICNL's future role should concentrate on large policy issues, comparative analysis and as a source of information with respect to what works and what doesn't and not on hands on legal drafting

Conclusions: ICNL

ICNL's reactive, case specific approach has been very cost effective. The low profile strategy may have actually enhanced credibility by underscoring the fact that ICNL does not have a dogmatic position.

Aside from the possibility of sponsorship for a course on non-profit law at the University and small insertions of resources for e.g. Consultancy services for NGOs, there does not appear to be a significant need for legal capacity building.

There is clearly an important role for ICNL in advising and working with the new Baltic American Partnership Fund. Whether resources for this purpose should be allocated from the current cooperative agreement or derived from a contract with the new Fund is unclear.

The evaluation team is cautious with regard to USAID's desire for closer coordination and a higher profile given the budgetary implications and the fact that ICNL's demand driven approach seems to be effective

Findings: Freedom House

A series of AVID volunteers has been placed in the DemNet office and the program has in all accounts been successful - - although an AVID placement with the Free Market Institute did not work out. Most of the AVID/DemNet volunteers work in the area of fund raising or organizational development. They are senior, highly qualified with impressive experience. For reasons that are unclear, the USBF DemNet office was told they could not have another AVID volunteer, despite the success of the program in Lithuania .

With regard to the US internship program, two interviews were conducted. One involved a highly successful experience, the other did not. Several interviewees stressed the value of regional exchange and even exchanges within a single country. A major problem with the US intern program is that it removes senior staff from the organization for too long a time. The DemNet program is not using the intern program to support their core groups.

The USAID staff was supportive of Freedom House programs but would like closer coordination and higher visibility. The staff felt that the cooperative agreement should stress the importance of integrating the Freedom House program with USAID country priorities and strategies. They would like Freedom House to employ explicit standards in the selection and running of the management training program. USAID staff felt the Think Tank Handbook was immensely helpful and are please that Freedom House is supporting the Lithuanian Free Market Institute - - also supported directly by USAID/Lithuania.

With respect to other instruments, the NGO Bulletin receives high marks ("I read it cover to cover", Director of the NGO support Center.), the Think Tank initiative gets mixed reviews, the corporate philanthropy initiative was not mentioned. A repeated theme in all discussions was the need for a strong and active "broker" to link NGOs between various CEE countries.

In general, the Freedom House instruments with the exception of AVID volunteers appear to be seen as somewhat distant and tangential to the main thrust of the DemNet program. This reflects the modest level of incremental resources, the pressures on DemNet to get up and running, the problems that USBF faced in implementing the program and in its relations with USAID. While in hindsight, DemNet staff indicate that they would have liked closer coordination with Freedom House activities it is reasonable to question whether this would have taken place under any circumstances given the modest level of funds and distractions from other quarters.

Conclusions: Freedom House

The AVID program has been a singular success and should be continued despite the proximity of phase out.

In retrospect, there may have been more opportunities to leverage Freedom House resources than were taken advantage of. The Baltic DemNet program has faced administrative and structural challenges and these may have diverted attention from regional initiatives. The Think Tank and Community Foundation initiatives are both highly relevant to the Baltic situation.

**ESTONIA
DEM-NET REGIONAL EVALUATION
R. BLUE
JAN. 20 - 22, 1998**

1. Introduction.

As part of the evaluation of the regional components of the DemNet Program, evaluation team member Richard Blue conducted interviews of NGO leaders, DemNet clients, and an Estonian Member of Parliament active in NGO legislation. The interview schedule was arranged by Ms. Heli Aru, Director of The Network of Non-Profit Associations and Foundations in Estonia, with substantive input from both ICNL and Freedom House.

Over two days, I held eight two hour interviews, observed a session of the Estonian parliament, and attended an NGO Awards Ceremony sponsored by the Network and the Open Estonian Foundation. Of the eight interviews, four were clients of Freedom House, and four either clients or sponsors of the work of ICNL in Estonia. A list of persons interviewed is included at the end of this report.

Respondents were extraordinarily helpful and frank in their comments, and generous in their provision of time during a very busy period. It was a special pleasure to be invited to attend the Awards ceremony held in the old Town Hall, and to be able to observe the professionalism and commitment of the Estonian NGO leadership in action. The evaluation team is grateful for the assistance given by all parties.

The Estonian NGO sector is among the most developed in Europe. In a population of only 1.5 million people, Freedom House experts estimate there may be up to 8,000 NGOs. However, NGOs in general remain small, organizationally weak, and poorly funded. Several lead organizations have gone through a shake out phase, with a more clearly defined division of labor between NGO support centers, research centers, and fundraising organizations having occurred at the national level. Still the close down of USAID's civil society support program and the reduction of other foreign funding have created a serious problem for Estonian civil society, a problem which will be only partly alleviated by the establishment of the new Baltic American Trust Fund in 1998.

A major challenge to civil society development in Estonia is the presence of a large, Russian speaking population, whose citizenship and linguistic rights has been the subject of division and debate in the Estonian polity. The issue of minority rights has dominated much of the energy of some NGOs and retarded the process of developing more effective NGO legislation in the past. Although the issue is still very important today, the legislative framework for fair treatment of minorities is in place and meets international standards. Estonian NGO leaders and their parliamentary supporters have once again turned to the passage of new NGO and Tax legislation.

Both ICNL and Freedom House programs have been active in Estonia. Freedom House human resource development programs included two US interns, two AVID volunteers, and five Regional Exchange participants. Averaging between 4 and 6 percent of the usage of these programs, Estonia compares well with Poland, a country with a population nearly forty times the size of Estonia. Because of the terms of the USAID closeout, Estonian think tanks cannot be the lead institutional recipient of Freedom House Regional Project grants, but the Tallin based Jan Tonnison Institute has initiated and won an award as part of the Baltic coalition managed elsewhere.

ICNL has been episodically but importantly active in Estonia since May 1994, when it invited three Estonia leaders to the Regulating Civil Society Conference in Budapest. A seminar in Estonia on the need for new NGO legislation in December, 1994 produced a consensus on many issues, and ultimately, a new NGO law. Similar conferences, seminars, and workshops organized by ICNL and its Estonian allies led to the development of laws on taxation and other relevant regulations. ICNL has been invited to provide comments and participate in a variety of meetings, workshops and seminars with government, parliament and NGO leaders on the development of the legal arrangements for the NGO sector, including holding its annual conference in Tallinn in 1995. ICNL involvement continued through 1996/97, and it is currently very actively engaged on the issue of tax law.

Findings: ICNL

All respondents were extremely positive about the style, timeliness, quality and responsiveness of ICNL's legal assistance to the development of sound NGO laws in Estonia. Several noted ICNL's ability to bring in a comparative law perspective, including European Civil Law as well as American and British common law experience. All denied any feelings of being imposed upon, or of being offered ideological or doctrinaire solutions to legal problems. Of special note was the comment that ICNL regional conferences and follow-up seminars, commentaries, and visits helped raise the issue of NGO law to a higher priority, and gave legitimacy to those persons in Estonia, in government and out, who were advocating for legal reform in this sector.

Responding to the question whether there would be a need for an ICNL in the future, the Director of Tax Policy in the Ministry of Finance said there was a continuing need for external advice and support for reform of the tax system as the role of the NGO community changed and became more complex in Estonia. Two other NGO support center leaders agreed that there was a continued need for ICNL input, especially in the area of building additional capacity and understanding of the NGO and Tax law, both among legal practioners and NGO leaders. In general, respondents felt there was a need to address the more complex and difficult problems of implementation of laws. In this, ICNL input and participation would be highly valued.

Conclusions: ICNL

ICNL's involvement in the development of Estonian NGO and related tax law has been and continues to be both substantial and effective. It is marked by high quality and timely expertise provided through written commentary and a collaborative personal style. Moreover, Estonian participation in regional conferences organized by ICNL is highly valued and has helped to

motivate and give confidence to Estonian leaders who undertake the task of legal reform. Through the provision of effective and timely technical assistance, through participation in seminars in Estonia and the participation of Estonians in ICNL organized regional workshops, ICNL has clearly met the objectives of its USAID cooperative agreement. Moreover, the unanimity of Estonian leaders in praise of ICNL's involvement suggests the conclusion that ICNL efforts have had a significant impact on the shape and internationally recognized high quality of Estonian not-for-profit law.

A clear product, a timely and sensitive delivery mechanism, as well as a strategy of "nudging", rather than pushing, has served well the Estonian and US interest in developing the legal framework for a civil society in this transitional democracy.

Future Role

There will always be a demand for legal services in the not-for-profit sector in Estonia, and elsewhere. To the extent that ICNL is the Estonian vendor of choice for continuing legal technical assistance to the Estonian NGO sector, ICNL is well placed to continue. However, USAID, the new Baltic American Support Foundation, and ICNL should develop a new cost sharing or fee for service agreement with a well placed Estonian partner, such as the Network of Non-Profit Associations and Foundations in Estonia. The Network office would receive and process demands, organize visits, and maintain liaison with the Estonian community, while ICNL would continue to provide highly targeted legal services. The cost of these services would be substantially borne by Estonian organizations with the support of new public interest funding institutions.

On the development side, ICNL can continue to contribute to capacity building and more effective implementation of laws through support for and technical input into training programs initiated and organized by its Estonian partners. ICNL hand books, model curricular materials, and mobilization of American and European experts to participate in training would be a cost effective way to assist, and to maintain relationships. A USAID DemNet Phase II supported capacity building initiative would require the development by ICNL of a needs assessment, an Estonian Partner, and a jointly prepared follow on strategy for meeting needs and achieving clear and objectively verifiable results.

At the regional level, using its new Budapest Center, ICNL could work with its Estonian partner to consistently engage Estonian NGO legal leadership in regional training programs and workshops. This program would achieve the benefits of regional programs already alluded to in the main body of this report. ICNL might consider also a collaborative program with Freedom House to develop a strategy of regional research and cooperation on issues of Civil Society which have a significant legal dimension. One example of a pressing issue for government and NGOs mentioned in Estonia is the issue of "privatization" of government sponsored NGOs in the education and health sectors.

Findings: Freedom House

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Estonian participants in Freedom House programs included Think Tank leaders, former US Interns, participants in regional exchanges, and leaders knowledgeable about the two AVID volunteers assigned to Estonia.

The American Internship program came in for some criticism from one senior NGO leader, who said the program was too limited, that there was insufficient time for preparation, and the English language requirement was too restrictive. Another important organization has applied for an Internship for one of its staff, but has yet to learn whether it will be awarded.

To balance this criticism one returned Intern was highly complementary of the management of the program and its impact on her own development. She returned with a new understanding of the potential value of NGO sector, and the need for strong management and a professional approach to achieving results. The experience contributed to her self confidence and management ability. On her return, she became the Director of her organization.

The AVID program has provided two American volunteers to Estonia. Two leaders gave very high praise for one volunteer, and restrained but critical reviews for the work of another. Since the AVID program on balance has been exceptionally successful throughout the region, the reasons for the criticism were important to understand.

The American volunteer expert agreed to participate and give lectures in training programs on a subject of substantial interest and importance to Estonian NGO leaders. The critique was that the material presented was elementary, unsophisticated, and not sufficiently informed about the level of development of the Estonian NGO sector. It was Training 101, when it should have been a graduate seminar.

The case is interesting, not because it indicates a general failure of the AVID program, but because of the damage that can be done in a small country when a "mismatch" occurs. AVID is a high gain, but also potentially high risk operation, less because of financial costs, but because of the potential for damage to the relationship between FH and the local leadership.

The Regional Exchange program was praised by the Directors of two leading Estonian "think tanks" for giving them the opportunity to learn more about the role of think tanks. For one, the idea of developing with other Baltic countries a comparative research project on an important public policy issue, eventually funded by the FH Regional Projects Grant Program was an important benefit.

An additional product of engagement with Freedom House was a serious article analyzing for a Baltic magazine the Freedom House country ratings reported in the Nations in Transit 1997 publication.

One participant observed that his participation in regional exchanges and in Think Tank Workshops sponsored by FH stimulated his interest in comparative policy research. Unfortunately, there is very little funding for regional collaboration on comparative policy research in CEE. The FH regional grant program is too cumbersome and too small to support serious comparative public policy research initiatives, even though the Think Tank project and

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the regional exchanges have created both a demand and the linkages necessary for just this kind of joint public policy research effort.

Another participant in the Regional Exchange program went to Bulgaria. Her organization had already had considerable exchange with Nordic country organizations, but she had learned that a Bulgarian organization was engaged in the same work as her NGO. Through her contacts with the Jan Tommison institute, she learned about the FH Regional Exchange Program. She was surprised as to how flexible and non-bureaucratic this application process was. After working with the Bulgarian NGOs, she has maintained contact and is developing a joint proposal with them for submission to FH's Regional Grants Program.

Conclusions: Freedom House

When aggressive clients make full use of Freedom House programs, the effect can be substantial. The Director of a major Estonian Think Tank visited the US under a pre-DemNet internship program organized by FH. After a reorganization of his organization, through which some important functions were transferred to another NGO support organization, he developed a focused research and development agenda for his organization. After participating in the FH/DemNet Think Tank conference, he prepared a collaborative research proposal, resulting an award from FH.

The qualitative observations of this thoughtful NGO leader about FH program substance and management are worth summarizing in detail. His main points were:

1.1. Freedom House programs are valuable and on the right issues: the Think Tank initiative is good, but limited.

2.1. All FH programs are over managed, take too long to get final decisions, and don't contribute to a "relationship".

3.1. The Regional Project Grants are too small and the decision process too bureaucratic, unpredictable and time consuming; almost not worth the effort.

4.1. If FH is promoting Think Tanks, it should be promoting more substantial and systematic funding of comparative public policy research collaborations among public policy research organizations in CEE. It makes no sense to promote public policy participation without supporting the Think Tank's role of data collection, analysis and reporting necessary to convince decision makers of the value of an alternative approach. Without good analysis, advocacy will become mired in emotion, and ultimately will be ineffective and disregarded.

5.1. Freedom House programs in Estonia can be effectively used by several key organizations to advance their organizational development and capacity building objectives. Paradoxically, some programs are praised for their flexibility and speed, while others appear too cautious and bureaucratic to be of much use to clients. Overall, a tentative conclusion is that Freedom House programs have contributed to civil society development in Estonia, but in a

diffuse and very limited manner. Efforts to develop more focused and synergistic programs, such as the combination of regional exchange and regional project grants in the Think Tank initiative have been burdened by unpredictability, long decision processes, and unrelated bureaucratic restrictions. Individual programs such as American Exchange and Special Initiative workshops are useful and valued, but it is unlikely that the various programs have had a strategic impact on the development of the Estonian NGO sector.

Future Role

In this “northern tier” country, the opportunity exists for more strategic and focused programs under Freedom House management. To achieve impact, FH, with support from USAID, should consider development of a regional policy research strategy, which would apply to Estonia and other northern tier states. It would have the following dimensions:

6. Target key policy research issues relevant to the continued development of civil society. An example might be the relationship between local government, the local NGOs, and the delivery of effective social services to disadvantaged segments of the community.
7. Apply FH resources through a longer term partnership with key institutions already identified through special Initiative workshops. For example, FH might decide to work primarily with only two Estonian organizations over a two year period.
8. Develop a flexible, but reinforcing “bundle” of FH programs, focused on building both organizational capacity and contributing to client’s substantive understanding and skill in the particular issue area. The American Internship, the AVID program, regional exchange and the Regional Grant program could all be used to advance the purposes of the partnership.
9. Work closely to cultivate shared funding arrangements with key Estonian Foundations financed through the USAID supported Baltic American Support Fund.

In addition to this more focused strategy, FH can continue to be alert to the emergence of new leadership and potentially promising organizations that might make use of FH programs. However, FH awards should be made with strategic purposes in mind, such as the development of a person’s potential to contribute to an emerging public policy issue. In this case, FH would be acting in a manner analogous to a venture capitalist, always on the look out for a new and promising technology and enterprise.

Dem-Net Regional Components**Evaluation Notes - Romania
Richard N. Blue - January 12 - 16, 1998**Introduction

The evaluation of Dem-Net Regional Components activities in Romania was organized by the USAID Office of Environment, Energy and Democracy, with input from Freedom House, ICNL and the local Dem-Net implementing office, World Learning. Ruxandra Datcu of that office was especially helpful in making specific arrangements.

In three and half days I was able to meet with 14 Romanian leaders, with World Learning, American Volunteers, and with the USAID leadership. A list of persons interviewed is attached to this report.

In arranging the schedule of interviews, effort was made to meet a variety of Romanian NGO leaders who had participated in Dem-Net regional activities, or were generally knowledgeable about the state of civil society development. A very helpful day trip to Cluj, in the Transylvanian region of Romania, provided the opportunity to solicit views "outside the beltway" of Bucharest. Two other Romanian NGO leaders agreed to come to Bucharest from smaller cities to meet with me. Bad weather prevented one person from coming to Bucharest from Timisoara (the city where in 1989 anti Ceausescu demonstrations began.)

All Romanian respondents were extremely frank and thoughtful in their observations about their experience with Dem-Net, about the future of civil society development in Romania, and with regard to their relations with their neighbors and the USA. I am grateful for their extraordinary hospitality, enthusiasm and willingness to cooperate, in several cases at substantial cost to their otherwise busy schedules.

Dem-Net Regional Activities in Romania

Both ICNL and Freedom House have been successful in establishing working relationships with Romanian leaders in their different fields of endeavor.

ICNL and the Romanian Legal Environment

ICNL's general approach is to make initial contacts with local leaders with legal backgrounds in addition to completing an initial assessment of the situation with regard to not for profit (NPO) law. This is generally followed by a consciousness and awareness raising phase, in which local leaders participate in workshops focused on legal issues and the need for framework legislation. If local leadership in government and in the NPO sector is convinced of the need for new laws, ICNL then works with those groups to assist in the drafting process, providing expert commentary and advice.

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The speed and directness of this process is very much a function of local momentum, leadership and favorable circumstances. Romania was unique in that it had a 1924 Law already in place which permitted the establishment of foundations and associations under very liberal terms and procedures. Associations formed very quickly after the fall of the Ceaucescu regime, and there was little incentive to make changes. Gradually however, Romanian leadership did realize the need for a new law, especially after a number of abuses of the NGO law came to public view. Hastily drawn laws were promulgated in 1994, but proved inadequate. At this writing, ICNL (and FH) are involved in assisting Romanians to draft and pass two laws, one pertaining to registration and general regulation of the NGO sector, and one setting out the standards and incentives for "sponsorship" and charitable giving. During the same week that data was being gathered for the evaluation report, ICNL's regional representative, Jean Garland, was in Bucharest providing personal follow-up on ICNL's previously submitted written comments on both laws. These laws are expected to be passed, or ordinances promulgated, by the end of January.

Data for the evaluation report on ICNL performance and utility was collected from CENTRAS, the main NGO group leading the effort to draft and pass new legislation, from other NGO leaders who were part of the coalition to support the laws and who would benefit from them, and from government officials charged with preparing the legislation.

Findings: ICNL

1. ICNL involvement was well known and well regarded by NGO and government leaders.
2. Although two respondents, when questioned, thought ICNL was somewhat "doctrinaire" in the early stages of contact, this passed and it was felt that current advice was flexible and drew widely on both US and European experience.
3. ICNL received high marks for timely response to requests for commentary and technical assistance.
4. All correspondents agreed that ICNL played a unique role in the region. One correspondent, USAID, felt that ICNL's future utility would depend on their responsiveness to Mission needs, and that if ICNL could not meet those needs, the Mission had access to other sources of legal technology transfer.
5. ICNL's participation in and support for regional workshops was recognized, but most correspondents did not see ICNL as a "training" organization. Early workshops were exceptionally useful in focusing attention on legal issues.
6. Several correspondents mentioned value of ICNL publications and reports.
7. Most correspondents felt that continued development of NGO law, and the legal institutions and infrastructure to support successful implementation would be necessary, but were

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uncertain (or had not given much thought) to whether ICNL would be able to play an important role in this process.

Conclusions

1. ICNL should continue to provide personal follow-up on the two laws now under discussion, as it is likely that the current drafts will be modified as political leaders pay closer attention to the content of the laws.
2. ICNL in Romania, as in other countries with fundamental framework laws in place, should conduct an assessment and develop a strategy which will govern their future role in the development of a positive and facilitative legal environment for civil society in Romania. This assessment should be done in coordination with the US Mission. It is likely that such an assessment and strategy development process will both clarify ICNL's own priorities, and more closely align their work with US Mission and, more important, Romanian NGO and Government priorities.
3. Whichever strategic path ICNL chooses to take, it is likely that it will need to consider developing some kind of institutional partnership relationship with a lead Romanian organization, such as CENTRAS, FDCS, or a coalition. If ICNL were to move, for example, from legal technology transfer to "capacity building", partnership with a well established capacity building organization would be a natural next step.

Freedom House and the NGO Environment

Romania has the second largest population among the CEE states. Compared to Poland, Hungary and other northern tier states, civil society development in Romania has been constrained by certain social dislocations and attitudes in the Romanian culture as informed by recent history. Few northern tier countries experience the type of megalomaniacal and feudal dictatorship of a Ceaucescu, who did much to render what social cohesion may have been enjoyed by Romanians during the 20th century. Moreover, few states have quite so intractable a problem of multiple nationalities each seeking dominance over the other through alignments with various outside powers. The net result of this history is a high level of defensiveness, suspicion, and intolerance, none of which contributes much that is positive for the development of civil society organizations.

The overthrow of the Ceaucescu regime did witness the emergence of an estimated 12000 NGO organizations by 1994. Western Foundations and governments moved quickly to organize democracy and civil society training and leadership development opportunities along with financial grant support. There are now a number of exceptionally well organized, well trained and competent lead organizations such as CENTRAS, Pro-Europa, Civitas, and the Foundation for the Development of Civil Society. The leaders of these organizations are the first to say that the movement is still very fragile and not very deep, especially in Moldavia and eastern Wallachia outside of Bucharest. Of the 12000 so-called NGOs which emerged by mid-decade, more than half are mutual benefit organizations or simply paper NGOs, using a very liberal law and a weak government oversight system to take advantage of NGO status for the duty free

importation of cars for resale in Romania. Of the remaining genuine local level NGOs, most are two or three person operations, and perhaps several hundred could be considered sufficiently developed to have a good chance at becoming a sustainable operation. These are estimates made by Romanian NGO leaders, the empirical basis for which cannot be judged.

In assessing the level of Freedom House activity in Romania, it is important to understand that in spite of the large population, the "raw materiel" for civil society skills transfer, institutional capacity building and NGO linkages in Romania has not been as rich as it was in a Poland or a Hungary. As indicated below, Romanian's have taken advantage of Freedom House products, but not in proportion to the size of the Romanian population.

Freedom House: Findings

1. Freedom House programs have been relatively active in Romania. Romania has supplied over 11 percent of the participants in the American Internship Program, (less than Poland and Slovakia), received 14 percent of the AVID participants, (behind Hungary and tied with Slovakia). However, Romanian's have been very active in the Regional Program, second only to Hungary in supplying 14 percent of the Regional Exchange participants. It's NGO organizations have received three of 22 Regional Project Grants, compared to 8 grants for Hungarian organizations. Romania has also participated in the two main FH initiatives on Think Tanks and Corporate Philanthropy.

2. Interviews with FH program participants (5) were unanimous in their positive comments regarding FH administration of the various programs, citing personal involvement, flexibility, and follow-up as main attributes of the programs. In one American Intern Case, the participant did not have a satisfactory placement initially, a situation which was quickly corrected by ICNL management in Washington.

3. All participants cited positive benefit from their involvement in FH programs, making statements such as "it opened my eyes", "I learned the value of good organization", "we now know how to conduct good training of trainers", and similar. FH has regularly solicited evaluation comments from participants, which are for the greatest part extremely positive.

4. Among the several programs, the AVID program came in for particularly strong opprobrium, in part because of the high quality and commitment of the volunteers, and in part because they are in country long enough to make a real difference. The current volunteers, however, feel underutilized and undervalued by the American development establishment in Romania.

5. The Regional Exchange program is seen as increasingly valuable to Romanians. As one person said, "it was the main experience of my life in the last two to three years." Romanian NGO leaders still feel a bit "lonely" in their efforts to build a civil society. The culture and history of Romania is not exceptionally fertile ground in which to plant the seeds of citizen participation and non-governmental initiative and organization. Regional exchanges increase the confidence of Romanian leaders and builds networks of support across borders, thereby contributing to the strength of the third sector in general in CEE.

6. Participants and observers (as in USAID) did not perceive FH as a strategic program resource. FH programs were more generally perceived as "opportunities" which were valued as useful, sometimes even exceptional experiences, but most did not see FH as offering more than a menu of activities.

7. The USAID Mission view of FH programs was positive, with special praise for the FH Media program and for the work of AVID volunteers. However, USAID officers complained that they did not find out about the current AVID volunteers until they were already in country. Nor had USAID made any effort to meet the volunteers or to establish a dialogue with FH about strategic coordination. Rather, USAID Romania saw FH, and ICNL programs as Washington programs which were sometimes useful, but not closely linked to USAID Strategic Objectives in Romania.

8. FH's regional information sharing activities, especially the NGO Newsletter translated into Romanian, were highly valued, less as a "timely calendar" of events, and more as a serious, semi-in-depth "journal" of the issues and initiatives of the CEE NGO community.

9. According to both USAID and the Romanian Dem-Net implementing organization, the bi-annual Dem-Net meetings could be reduced to an annual affair, or phased out as the number of bi-lateral programs dwindles.

10. Respondents were uncertain (or had not thought about) the future role of FH programs in Romania. All agreed that some US participation and relationship would be essential in the near future, and valuable over the longer term, but the exact shape of that relationship was not clear.

Conclusions

1. FH programs are known and valued among the Romanian NGO leadership sector. However, these leaders (mostly at the national and sub-regional level) do not see FH programs as a strategic resource. This would suggest that FH assess its future program offerings in Romania with the objective of developing strategic partnerships with clear development objectives driving the use of FH assets.

2. The AVID volunteer program is an exceptionally powerful resource. The current volunteers working with CENTRAS and others on mobilizing support for the NGO Sponsorship law are known throughout Romania, and are clearly making an impact through their formal training programs, their technical assistance, and their personal example. Similar technical assistance provided through the usual long term consultant procurement contract would cost the USG well over \$300,000.

3. By combining AVID, American Interns, Regional Exchanges, and various grant funded and workshop initiatives, FH could develop a highly synergistic and powerful development support program without sacrificing the flexibility, good management, and personal enthusiasm and commitment which have become the hallmark of FH programs.

4. FH needs to reopen a dialogue with the USAID office with the objective of finding a degree of strategic convergence and programmatic cooperation between the two programs. USAID needs to more actively seek FH participation while recognizing that FH programs have their own rationale and integrity.

Serendipitous Synergy: A Romanian - FH Case

Mercia TOMA is a journalist and one of six founders of a enormously popular weekly political satire newspaper, Academia Catavencu. The newspaper began after the fall of Ceaucescu, and became know throughout Romania for its irreverent but highly accurate reporting of political events and personalities.

The Newspaper was successful, but dependent of foreign support, and as newsprint became increasingly dear, its ability to survive became more and more an issue. The six founders were good journalists according to Mercia, but knew nothing about the business of running a newspaper. An American advertising expert was assigned to help. She conducted a reader survey, identified the basic Catavencu readership characteristics, developed an advertising strategy, and taught the Romanians how to sell. Mercia said the papers cartoonists now get hired by companies for other advertising campaigns, and they now make enough to finance the paper and to put some surplus into another project.

Mercia and his friends are more generally concerned with the quality of journalism and the freedom of the press in Romania. They analyze, monitor and produce reports on this issue. Mercia was invited by Freedom House to participate in a conference on the role of Think Tanks in CEE. He said had no idea of what Think Tank meant before this workshop, but he quickly realized that what he and his friends were establishing was a "Think Tank" on the role of media in Romania.

Then he was invited to go to Tirana, Albania, under the FH Regional Exchange program, to assist an Albanian organization with its media programs. According to Mercia, "this was the main experience of my life in the last two -three years." Why? First, after visiting Albania he realized how much progress had been made in Romania. Second, he has established a working relationship with the Albanian organization, where before he knew nothing about Albania, and could care less.

Bottom line: for Mercia TOMA and his colleagues at Academia Catavencu, a series of serendipitous opportunities offered by Freedom House added up to a remarkably high level of synergism and programmatic impact. There may be a lesson here for the next phase of Freedom House activities in the CEE.